THE FINANCIAL TIMES LIMITED 1990

Thursday July 5 1990

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Doe rejects **US** offer of help to flee from rebels

Beleaguered Liberian leader Samuel Doe met the US ambassador in Monroviz but Wash- ... ington said he turned down an offer of help in escaping from rebels who have cut off his capital Page 5

fran toll lower Iran's earthquake toll was

below 34,000 and lower than had been feared, President Hashemi Rafsanjami said. Esrler, Foreign Minister Ali Akbar Velayati had put the figure at 50,000.

Mandela progress Nelson Mandela and British Prime Minister Margaret Thatcher made unexpected progress during talks in Lon-don despite their continuing

Tirana tense

The Albanian capital of Tirans was under tight police control after riots earlier in the week. Bonn sent medical help to 84 Albanians who are sheltering in its embassy.

The Soviet ambassador to the United Nations said Moscow would block the exodus of Soviet Jews to Israel if Israel failed to provide firm guarantees they would not be settled in occupied Arab land.

Hijack folled A 30-year-old bookshop sales-

woman was overpowered when she tried to hijack a Soviet air-liner to Turkey by brandishing Hope for hostages

A hint that 300 Shia Moslem prisoners held by pro-Israeli militiamen in southern Leba-non could be released soon has raised hopes for western hostages in Lebanon. Page 5

Cyprus applies to EC Cyprus applied to join file— European Community but Tur-key said the application was invalid since it was made with-out the approval of Turkish Cypriots. Page 8

Kenyan arrests Two former Kenyan cabinet ministers were arrested in Nairobi after they had bowed to government warnings and called off a pro-democracy

Threat to whales Japan, Norway and Iceland killing of whales later this

year. Page 3 French nuclear test France exploded a 35-kiloton nuclear bomb at its underground Pacific test site, the

second test in just over two Venice clean-up Boats cleared stinking slime from the Venice lagoon as bot

weather brought the first signs of an algae threat that could hit Italy's tourist industry for the second summer running. CFC gas escapes

Three tonnes of CFC gas, which depletes the ozone layer, escaped from a nuclear research station in Oxfordago, it was disclosed.

Diplomats ousted Cuha said Panama had ordered the Cuban embassy in Panama City to reduce its staff to four diplomats, The others were given 10 days to leave.

Seal cufl halted South Africa put off plans to cull 30,000 seals after protests

by animal lovers. Wrong slant The Leaning Tower of Pisa was closed six months ago for urgent repairs - but nobody has yet turned up to fix it. Pisa officials blame the delay on

rivalry between two govern-ment departments.

Mozambique: The politics of food ...

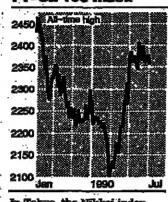
CONTENTS

Tight terms for German bond issue disappoint

The German Unity Fund, the West German government's vehicle for financing the restructuring of the East German economy, disappointed international markets by setting tight terms for its initial bond issue. The terms mean that interest is likely to be confined leavely to deconfined. fined largely to domestic inves-tors. Page 15

FT-SE Index was 19 points down at 2,352.7 at its lowest point, at mid-morning amongst widespread falls in UK equi-ties. London Stock Exchange,

FT-SE 100 Index



In Tokyo, the Nikkei index finished up 31.32 at 32,445.92. In Europe, financial stocks boosted Frankfurt and Zurich while Madrid's general index passed the 300 level. Wall Street was closed for Independence Day. Markets, Back Page, Second section; Analysis, Lex. Page 14

JAPAN said the US would not be permitted to raise new issues in talks reviewing agree-ments reached under the Struc-tural Impediments Initiative on bilateral trade. Page 14

acknowledged it is printing bank notes for Peru. Page 3 NORTHWEST Airlines, fourth largest US carrier, is exploring a bid for Eastern Air Lines, the seventh largest. Page 15

SOUTH AFRICA government. inquiry into the position of marginal-profit mines has rec-ommended state assistance interest. Page 4

SIEMENS, West German electrical and electronics group, will have 91 per cent of the voting shares in Nixdorf. Page

ROYAL Insurance, largest UK composite insurer by premium income, is to withdraw from the Massachusetts motor insurance market. Page 3

LUFTHANSA, 51 per cent state-controlled West German airline, has recorded "disappointing" earnings for the first quarter of 1990. Page 18

KOKUSAI KOGYO, Japanese company at the centre of a stock trading scandal, saw four former employees indicted on tax fraud charges. Page 4 ARGENTINA'S planned priva-

tisation of Aerolineas Argentinas, national airline. appeared on the brink of col-lapse after KLM, Dutch airline, withdrew from the tender.

WEST GERMAN trade surplus for the first five months of the year has just outstripped the surplus for the same period last year, reaching DM56.5bn (\$33.6bn). Page 2

TRYGG-HANSA, Swedish insurance company, and Eesti Kindlustuse, Estonian national insurance company, will pro-vide advisory services for joint venture investments in Estonia, Page 19

BANK OF New Zealand has cut staff in its Australian operations and restructured to concentrate on consumer banking. Page 19

INDIA will allow Indian Airlines, domestic carrier, to resume flights by its fleet of Airbus 320s, grounded since a crash in February. Page 4

England goes home early to World Cup misery

By John Wyles in Rome, David Marsh in Bonn and Emma Tucker in London

MOST of England closed down early last night as thousands of people from the factory floor to the city dealing room rushed home early, largely with the connivance of employers, in time for the World Cup semi-final between England and West Germany in

England's hopes of a place in the World Cup final for the first time since 1966 were dashed after a defeat by West Germany in a penalty

In Germany the new-found patriotism was best expressed in the headlines of the daily newspaper Bild, which shead of the match, forecast: "Goodbye England."

Certainly the match had all the expectations of being as thrilling as when the two

desperate hope that the previ-ous night, when Argentina

countries met in the 1966 World Cup final. But there was nothing to rejoice about for Italian fans. The day had dawned with the

had blasted their way into Sunday's final on penalties, had all been a bad dream. Surely Toto Schillaci would still be speeding the ball into the opposition net on Sunday evening to guarantee the "Azurri" their World Cup and the Italians those days of national rejoicing which they had been anticipating?

Instead, the banner headlines piteously proclaimed the awful truth: "Italy, the dream is finished," (La Repubblica); "Goodbye World Cup" (Il Giornale) and, with a ruthless piquancy, "Maradona Wins" (La Stampa). Losing to Argentina was jus-

tifiably, as one radio commentator affirmed yesterday, a cause for "national mourning," above all because the defeat was masterminded by the diminutive Diego Maradona. After five years with the Naples team, his angel face and spectacular talents are so revered in that most complex of Italian cities that there were genuine doubts as to

whether the local supporters would fully commit them-selves to the Italian tricolour

The surprisingly large number of empty seats in the San Paolo stadium suggested that many Neapolitans chose to cope with the ambivalence of their feelings in front of the television set.

Knowing his Italy better than most, Diego had selected the wound most in need of sait on the eve of the semi-final when he reminded Nespolitans that for one day this year Italy would expect them to be Italians, and then they would be disowned and despised for the

remaining 364.

The statement was as truth ful as provocative because for nearly a month football has stamped a traditionally infre-quent but always heady sense of nationhood on Italy.

Now the sport, if that is function as the expression of ferocious local rivalries and

LETTER TO SOVIET LEADERSHIP

Gorbachev warned of military's coup threat

By Quentin Peel in Moscow

A STRONG warning of a potential military dictatorship in the Soviet Union was issued in Moscow yesterday by a group of 47 prominent politicians, scientists and army offi-

In an extraordinary letter, by far the most outspoken attack on the military establishment to date, it was suggested that some form of coup might result from a military alliance with anti-perestroika forces. It came as President Mikheil

Gorbachev was struggling to prevent a conservative major-ity, including many military personnel, from dominating the crucial national congress of the Soviet Communist Party. His plans for a radical over-haul of both the policy and

structure of the ruling party were in the balance as speak-ers roundly attacked the collec-tive party leadership and their failure to provide ideological direction and measures to tackle the country's economic The growing conservative backlash from the full-time bureaucrats of the Communist

Party, and within the military establishment, has now focused on Mr Gorbachev's whole strategy to switch to a market economy. That in turn brought a pas-

sionate defence of economic reform from Dr Leonid Abalkin, its chief architect, who warned that the Commu-nist Party would be swept aside if it stood in the way of the process.

The letter from the 47, published in Komsomolskaya

Pravda, the radical newspaper, was addressed to the "leader-ship of the nation.
"It is only our profound con-



Mikhail Gorbachev (right) chats with Uzbek Communist Party chief Islam Karimov at the Soviet Party Congress

cern for the fate of our fatherland, and nothing else, which has forced us to address this letter to you," it said.

It went on to warn that the rising tide of military criticism "has left the progressive public in this country with one feal-ing: dictatorship is knocking at the door."

The group included such prominent figures as Dr Georgy Arbatov, a leading foreign policy adviser and head of the USA and Canada Institute, Dr Tatyana Zaslavskaya, the rist of perestroika, Professor Yuri Ryzhov, head of the Moscow Aviation Institute, as well as serving army officers and veterans of the Afghanistan civil war.

In spite of the improved international climate, and the decrease in east-west tension, it said that "the militarisation ues, accompanied by the politi-cisation and ideologisation of

the armed forces.

"There are visible signs of a growing alliance of the military bureaucracy and conservative forces in the country, especially at the recent foun-ding congress of a new Russian Communist Party, the letter

The 47 then go on to attack the military establishment for blocking genuine reform of the armed forces, disguising their true budget and refusing to abandon their privileges.

"It is with deep concern that we would like to draw atten-tion to the regular use of the army for purposes not in keep-ing with the constitution, which raises a serious question: whose side will it take if new collisions arise in society?
"What will be the orders of army generals, who will surely

ranks, Soviet Congress warned over economy, Poll shows confusion on reforms among deletake care of their privileges,

US may restrict political activity of foreign groups

THE US may impose restrictions on the political activities of local subsidiaries of foreign-owned companies. potentially profoundly affect-ing their ability to influence decisions and join in public debate.
The initiative, mainly aimed

Supreme Soviet, the national parliament, including the Ministry of Defence.

They also called for an immediate transfer of Rbs500m from spending on military technology to social spending on the troops.

technology to social spending on the troops.

A critical problem is the lack of decent housing for troops returning from eastern Europe.

They demanded a ban on the activities of any political party in the army and other security forces (including the KGB) – a question already roundly rejected by the Communist Party congress.

and powers unrestricted by the

to be brought urgently under the direct control of the

The 47 called for the military

Party congress.
The armed forces should also be banned from "functions which are not in line with their real tasks," the letter said in a reference to the use of regular troops in riot control, instead of the Interior Ministry troops.

The letter is likely to cause a furious reaction from the mili-tary establishment, already acutely sensitive about its threatened position in Soviet society, and the growing clamour for further drastic cuts in the defence budget.

It may simply strengthen the determination of consequenting

determination of conservative forces in the ruling party to stamp their control on the party congress, and ensure that Mr Gorbachev, although unlikely to be opposed as party leader, would be heading a thoroughly conservative party leadership. Rebellion bolls up in Party's

at the Japanese, is part of wider proposals intended to monitor and restrict the activities of foreign investors in the US. The proposals have, how-ever, so far been mainly resisted by the Bush Administration.

Political contributions are an important way to secure access

and lobbying in the US. At present, non-US citizens are prohibited from making contributions to election campaigns. US subsidiaries of foreign companies can do so, however, provided that they are mainly based in the US and that their Political Action Committees (PACs), which make donations, only raise money from US citi-

However, the Federal Elec-tion Commission, a government agency which regulates elections and fund-raising, has decided to prepare rules to han US companies with 50 per cent or more foreign ownership from organising PACs to make contributions. A similar legislative proposal

has been made by Senator Lloyd Bentsen, Democratic chairman of the Senate Finance Committee. He said the present law allowed "foreign companies to buy into our political process by acquiring US subsidiaries."

The Congressional Research Service has estimated that \$2.8m, or 5 per cent of the \$56m contributed by all corporate PACs to federal campaigns in



1987-88, came from committees whose companies had "significant foreign ownership." This includes subsidiaries of Sea-gram of Canada, Shell Oil (part of the Anglo-Dutch group), BAT Industries of Britain, Carnation of Switzerland, Mitsubi-shi Heavy Industries of Japan, Toyota Motor of Japan, and

ampean of Canada. Mr Brad Larschan of the Association for International Investment, a group opposed to such restrictions, noted the US demand that US companies in Europe be treated as European entities, in the context of the

He said it would be "ironic that the US may not follow the same policy in dealing with foreign corporations here. By denying foreign-owned US companies the ability to infinence the political process in the same way as US competi-tors, they are denied equal access to the political pro-

Nissan Diesel in joint venture to assemble trucks in Ireland

By Kevin Done, Motor Industry Correspondent, in London

NISSAN DIESEL, one of the leading Japanese truck makers, is planning to assemble medium duty trucks in Ireland in its first assembly venture in western Europe.

The medium and heavy truck industry has been one of the few sectors of the European motor industry left rela-tively untouched by Japanese imports and local assembly European truck makers have long feared, however, that Jap-

anese automotive groups would seek to penetrate the European truck market in the Nissan Diesel, which is 42 per cent owned by Nissan Motor, Japan's second largest car maker, said that it had signed a letter of intent for its

trucks to be assembled by a newly formed joint venture in Ireland, to be called UD UD Ireland would be 30 per cent owned by Marubeni, the Japanese trading house, and 70 per cent owned by the Irish Westward group, which is cur-rently the Irish importer/dis-

tributor for Scania trucks and is also engaged in car retailing. Nissan Diesel said that it would not take an immediate equity stake in the venture, but this could follow at a later

The small-scale assembly venture would be located near Dublin and would aim to assemble up to 400 medium-duty trucks (eight to 15 tonnes gross vehicle weight) annually within three to four years. Nis-san Diesel said that heavy trucks (above 15 tonnes) may be added later.

The company said that the venture would be aimed initially at supplying only the Irish domestic market. There is no concrete idea to sell outside Ireland at the moment," it said in Tokyo yesterday, "but if everything goes well we might think of exporting to other countries from Ireland." It said that the trucks would initially be assembled from CKD (completely knocked-

down) kits exported from

Japan, but eventually there

components bought locally in

The only Japanese heavy truck assembly venture in Europe is also located in Ireland for the assembly of Hino trucks. Nissan Motor already produces light/medium trucks (3.5-13 tonnes gross vehicle weight) along with vans and other light commer-cial vehicles in Spain through its majority-owned subsidiary, Nissan Motor therica.

The Irish assembly of Hino

trucks is handled by J. Harris company in Dublin, which holds the Hino franchise for both Ireland and the UK. Aimed initially only at the Irish market, Hino trucks have also made significant inroads into some segments of the UK

truck market in the last 18 Hino has successfully pene-trated the Irish domestic truck market, where it is the market leader with a share last year of trucks in Ireland last year, while 510 were registered in would be some local content with a small percentage of

STOCK INDICES

FT-8E 100:

2,355.5 (-16.2)

Ff Ordinary:

1,881.1 (-13.6)

FT-A All-Share;

1,162.19 (-0.6%)

32,414.60 (+254,37)

Tokyo: Nikkel

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Editorial Comment: Nato's new mission A British baccalaureat ... Albania: Winds of change Oil: North Sea's revival of the fittest Investing in the US: A challenge to economic security ... Technology: A turning point for South Korea's personal computer industry

Currencies & money

Nato: Historic task for London summit _____2 | Failing to break the cycle of ethnic violence in Sri Lanka



Premadesa (left) of Sri Lanka has been condemned for his policy of appeasement and his country's tragedy seems unending as civil war breaks out once adain.

Page 4

Linit Trusts

COLD \$362.5 (361.5) N SEA OIL (Argus) Brent 15-day Aug \$15.975 (16.025) Chief price change

terday: Page 15

MARKETS

STERLING

\$1.785 (1.7795)

DM2.9400 (2.9375)

FFr9.8575 (9.8625)

SFr2.4825 (2.48)

Y267.5 (269.0)

markets were closed vesterdes tor the US Independence Day holiday Tokyo open: Y150.30

DOLLAR

The New York

DM1.6470 (1.651) FFr5.5225 (5.5425) SFr1.3910 (1.393) Y149.8 (151.15) \$ Index 65.9 (56.4)

LONDON MONEY 3-month Interbank: closing 14\$ (same) Liffe long gilt feteres 영ep 84월 (84급)

THE Soviet Government's chief strategist for economic reform, Dr Leonid Abalkin, warned the Communist Party yesterday that it would be swept aside if it stood in the way of a market economy.

In a passionate address to

Farmers plan protests as Warsaw resists demands

By Christopher Bobinski in Warsaw

POLAND'S angry farmers are threatening to stage wide-spread protests next week as Mr Tadeusz Mazowiecki, the Prime Minister, prepares to unveil a cabinet reshuffle tomorrow in a bid to improve

the Government's image.

The government changes are expected to include the dismissal of Mr Czeslaw Janicki, the farming minister, and the removal of many of the non-Solidarity members of the cabinet brought in last autumn as a compromise with the then established parties, including

Critics of Mr Mazowiecki's moderate policies grouped in the Centre Agreement, a right-of-centre Solidarity faction, have been demanding such a purge as part of their drive to have Mr Lech Walesa, the Soli-darity leader, elected president. On Saturday farmers' repre-sentatives are to meet the Gov-

ernment over their demands

for minimum guaranteed farm prices, preferential interest rates on loans and high cus-toms tariffs on imported food. The Government has said that concessions on these points would mean the end of its International Monetary Fund approved stabilisation programme. But failure to agree the farmers' demands means that their leaders, Rural Solidarity, under pressure from the rank-and-file, will go ahead with protest actions including roadblocks throughout the

"We built our farms from nothing and we know how much effort this cost us," said one farmer, adding that Mr Leszek Balcerowicz, deputy prime minister in charge of the economy, was now saying that he would "destroy the farmers and start again from the begin-

ning". Poland's 2.5m farmers are nearing the end of a year in which they have seen incomes severely squeezed by the rising cost of credit, fertilisers and machinery, with farm prices held back by falling demand

At present 40 per cent of the At present 40 per cent of the country's dairy industry is already in the throes of bank-ruptcy procedures, the rest is on the verge of financial collapse and farmers in many places have not been paid for their milk deliveries for a month or more.

month or more.
At the same time the forthcoming grain harvest promises low grain prices and indeed could see the state procurement companies refusing to take delivery as the siles are half full with domestic as well as imported grains.

as imported grains.
Farmers are particularly incensed at aid shipments of grain from the west which are still arriving. So far this year Poland has received \$140m worth of western food aid.

Trade surplus shows W German buoyancy

By David Goodhart in Bonn

THE WEST German trade surplus for the first five months of the current year has just outstripped the surplus for the same period last year, reaching DM56.5bn (£19.2bn) and underlining the buoyancy of the West German economy. Most analysts expect that the medium-term effect of German unity will be a reduction in the surplus, but in the short term it seems to be having the opposite effect. The trade surplus in May rose to DM12bn, up from DM10.6bn in May last

However, on the current account balance, which includes services and other invisibles, the surplus is already starting to slip slightly. In May it was down to DMS.7bn from DMS.8bn and over the first five months it was more significantly reduced to DM43.1bn from DM48bn.

Further signs of continuing conomic health are shown in the industrial production fig-ures for May and the unemployment figures for June. Industrial production rose 2 per cent over the previous month, although only after the April figure had been revised down by 2 percentage points. April and May together rose by 4.2 per cent compared with the

same period last year.
The June unemployment total was 1.81m, or 6.9 per cent of the workforce. After economic union on July 1, the category of *Ubersieller* (East German refugee) ceased to exist, along with the camps that housed them, and the various benefits the could claim to ease integration.

ease integration.

However, the inflow of Aussiedler (people of German origin from other parts of eastern Europe) continues and in June reached its highest ever monthly figure of 52,400.

Unemployment among Aussied. Unemployment among Aussied ler is now 144,000, while among former East Germans it fell sharply to 90,000. Unemployment in East Germany now stands at 142,096.

● A Belgian businessman, Mr Andre Leysen, is among the first batch of industrialists to accept a position on the super-visory board of the Treuband, the trust hold sharped with the trust body charged with privatising East German indus-try.

Greeks stage one-day strike over bill for longer hours

SEVERAL hundred thousand Greek workers staged a one-day strike yesterday, demand-ing withdrawal of a parliamentary bill to legalise longer shopping hours, part-time jobs, and an extra work-shift in factories, Kerin Hope writes from Athens.

The Greek Trades Union Federation had called a nation-wide strike, but the Industrialists' Federation said only 5 per

cent of factory workers stayed away, while public transport was halted, banks were closed and traffic jammed the city

Under the bill, which the conservative government wants enacted this month, state-controlled banks will be able to apply private sector cri-teria for hiring employees and in salary scales. The bill is meant to boost growth.

Takeovers in East criticised

By David Goodhart

THE East German postal, telecommunications and rail services should be privatised and "anti-competitive" take-overs by West German compa-nies in East Germany should cease at once, according to the annual report of the West German Monopoly Com-mission.

The Commission, an advisory body, is especially critical of the West German authorities for allowing the takeover by Allianz of the East German insurance industry but also singles out for criticism Lufthanse's deal with Interding and Desirals Reprint takeover of Daimler-Benz's takeover of East Germany's main lorry

producer.

Mr Carl Christian von Weizsäcker, chairman of the Commission, said competition would be further damaged if the proposed takeover of the East German electricity supply industry by the three major West German utilities was allowed to go ahead.

He stressed that the chance to create a more competitive structure than West-Germany's in several East German industries should not be

in overview, however, the Commission says that despite West Germany in 1988 and 1989, a doubling compared with the previous two years, the trend towards concentration is not yet a serious

The most likely grounds for the recent concentration is the EC's open market of 1993. The main fields of restricted competition in West Germany, according to the Commission, are transport and the media.

want to get rid of the disgrace of queues and speculators, if we want sufficiently powerful incentives for people to work, then we have no choice other than a market economy, 3 he said, his voice cracking with specific properties.

The party's future, he said, was tied to its ability to lead the "historic struggle" for reform, and to make socialist ideals a "factor of stability in society".

After pausing briefly as delegated brown the close classification.

In a passionate address to In a passionate address to the Communist party congress, Dr Abalkin said the party which has ruled the country for 73 years had failed socialist ideals in every respect.

"We did not build socialism and we never lived in condi-tions of a socialist society," he told a largely hostile audience which tried to clap him into silence. Dr Abalkin, a deputy prime minister responsible for economic reform, appeared at the podium yesterday in an unmistakable attempt by the Government to sway delegates' overwhelming hostility to market

Saying that there were various models for building socialism, Dr Abaikin told delegates that a system which had failed to feed its people and lacked any democratic institutions could not be called socialist. "If we want to have an effi-cient economy... if we want to have shops full of a wide range of high quality goods, if we

gates began the slow clapping with which they have on sevunpopular speakers, he said the country needed markets "which had been used for cen-turies" to secure social well-be-

He then delivered his coup de grace with a warning: "Any party which tries to stand in the way of progress will inevi-tably be swept aside in this historic battle and suffer

have enough wisdom, calm and confidence to make the right choice.

Earlier, he made his warning even more immediate in an interview with the Interfax news agency.

The agency quoted him as saying that if the party rejected the Government's economic reform programme, then the cabinet would treat it just like any party in a multi-party

on Tuesday, Mr Mikhail Gorbachev, the Soviet leader, suffered a humiliating blow to his prestige at the congress when delegates refused to allow the words "market economy" to be used to describe the congress's

Rebellion Soviet congress warned over economy boils up in party's ranks

By Quentin Peel

in Moscow

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A CONCERTED rebellion against most of the top echelon of the Soviet Communist Party leadership — with the continued exception of Mr Mikhail Gorbachev himself — is bolling up from the floor of the 28th

party congress.

Deep bitterness and disillusion at the failure of the party leadership to provide ideologi-cal and practical support to the party organisations across the country is likely to result in a decimation of the ranks of the ruling central committee, and the Politburo itself, close observers of the congress

observers of the congress believe.
So far the prime target of the critics has been Mr Vadim Medvedev, party secretary for ideology, and one of Mr Gorbachev's key sides.
He was accused yesterday by Mr Nursultan Nazarbayev, leader of the Kazakhstan Communist Party. of "demoralising"

leader of the Kazakhstan Communist Party, of "demoralising the party forces." Another speaker ridiculed him as "a figure from a cartoon film."

Yet Mr Medvedev was only the most obvious object of an assault which included the entire Moscow leadership, and by implication Mr Gorbachev himself, although no one dared to draw that conclusion.

Another provincial party

to draw that conclusion.

Another provincial party leader, Mr Stanislav Gurenko, the newly-elected boss of the Ukrainian Communist Party, attacked not only Mr Medvedev, but also Mr Alexander Yakovlev, Mr Gorbachev's closest ally in designing the strategy of perestroika, as the two men to blame for the collapse of the party's ideological function.

Speaker after speaker denounced the performances of leading members of the Politburo, whether they made good speeches or not. At a press conference yesterday, members of the Belorussian Communist Party delegation expressed scepticism about whether many of the Polithuro would survive the congress - with the repeated exception of Mr. Gorbachev.

"I have no doubts about Mr Gorbachev," Mr Yefrem Soko-lov, the conservative Belorus-sian leader, declared. "As for the other members of the Polithers or wasterday" Politburo, going on yesterday's reports I don't want to comment or this question at-

The rest all agreed that nei-ther Mr Medvedev nor Mr. Georgy Razumovsky, party sec-retary in charge of personnel and administration another key Gorbachev aide -

would survive.

The irony of the situation is that most of those under fire. have been loyal sides and advisers to Mr Gorbacker and; therefore he must be tainted by the criticism. Yet clearly the unifying force left.

Communist showdown in Moscow spills on to streets



A Soviet militiamen breaking up a street argument yesterday between a communist supporter, left, and an anti-communist

Poll shows confusion on reforms among delegates

CONFUSION about the crisis in Soviet economic reforms and crisis measures, 52 society, disagreement on fundamental measures of economic reform, and concern about the splits in the Communist Party are the dominant themes emerging from might "radically improve economic performance".

As for the major factor accounting for "society's crisis at the time of perestically in the communist Party and only 11 per cent believed it call targets of social development". As many as 35 per cent said because no longer

an opinion poll of delegates to the 28th party congress.

Stark contradictions between conservative and radical wings in the party show how hard it will be for President Mikhail Gorbachev to prevent a split, if not at the congress, then in the months to come.

On having a private sector in the economy, 12 per cent of delegates believed it should be totally banned, 11 per cent said it should dominate the economy, and 73 per cent thought it should play "a minor role".

As for the Government's programme of

As for the Government's programme of

The poll was carried out by the congress's sociological service, organised by the Central Committee, and clearly pro-vides essential input to the party leader-

vides essential imput to the party leaver-ship in deciding its congress strategy. But in this case, it suggests more confu-sion than coherence. The overwhelming concern about the state of the party, and the collapse of its Marxist-Leninist ideol-ogy, was shown by the fact that 62 per-cent of delegates said the inner-party situ-ation was the "social problem" of greatest

many as 35 per cent said people no longer believed in perestrolks, while 33 per cent said political reforms had been inconsistent.

The only reassuring item was that no fewer than 81 per cent said priority consideration in government policy should be given to the individual, while 24 per cent said priority should also go to the "state as a whole". On international relations, 50 per cent said they felt the foreign policy changes "only partially" met Soviet interests. Some 14 per cent said they did not meet Soviet interests at all.

conservatives at the conference-do not have any obvious alter-native to the party leader and know also that he is the only

Commission seeks common framework for energy supply

A FIRST step towards a common European policy on security of energy supply was taken yesterday by Mr Antonio Cardoso e Cunha, the Energy Commissioner, in a proposal that would create a common framework for the 12 different national pelicies, Lucy Kellaway writes from

The Commission argues that with a single market in energy it would become less relevant for each country to look at security of supply from a domestic point of view. Until now member states

have jealously guarded their individual policies and have granted generous subsidies and special concessions to

their energy industry. The Commission is proposing that a harder line should be taken with these subsidies, to ensure they are compatible with the single market. Mr Cardoso hopes that a bal-

ance can be struck between the advantages member states get from extra security against the negative effects that subsi-

tition. In particular, he is planning to impose a celling on the mar-ket share in electricity that a member state can reserve for its national players, and

intends to freeze at present levels long-term subsidies. The paper will be discussed by energy ministers in July.

Historic task for Nato summit

Robert Mauthner on the western alliance's search for a new strategy

THE NATO summit opening in London today has been billed as the most important in the western alliance's 41-year history. That is hardly an exaggeration, given that it has either to adapt to circumstances totally changed from the Cold War atmosphere in which it was created, or be condemned to follow the path the Warsaw Pact seems to be

taking and disappear.

The summit, called to conduct a fundamental policy and strategy review in the aftermath of the east European political revolutions, will have two chiectives. First vectors. two objectives. First, western leaders realise that to lay the groundwork for the new east west co-operative framework which everyone supports, they

which everyone supports, they will have to send a clear message to the Soviet Union that Nato is prepared to change its dominantly military spots.

That message needs to be all the more persuasive since it will be calculated to persuade Moscow that a united Germany should remain a member of Nato, which the Russians have so far refused to accept. The western argument — that such so far refused to accept. The western argument — that such a solution would be in the Soviet Union's interest, since it would prevent Germany from acting as a "loose cannon" in the centre of Europe — has not been lost on the Russians. The latter have made clear, however, that they need to be reassured that Nato will be a different animal from the war ent animal from the war machine they have always con-sidered it to be.

The Nato leaders' second objective is that the principal purpose of the alliance — the collective defence of the 16 member countries - continues to be ensured. All members recognise the need to assure that defence with fewer troops and armaments than today and that the prospect of either a conventional or nuclear attack by the Soviet Union in present circumstances is minimal. Yet mutual peaceful intentions. most of them do not believe ished altogether and feel there-fore that the west's guard must not be lowered completely. Even after the unilateral withdrawals from eastern Europe and the completion of conven-tional and nuclear arms con-

anxious that nothing in Nato's military posture, nuclear doc-trine or arms control policy should upset Moscow or its trol talks, the Soviet Union will

He suggested in Oslo that the recent relocation of Soviet atrorces from central Europe to the Kola peninsula to the north-east of Norway may have been a means of circumventing any future Conventional Forces in Europe treaty.

will be to combine these two prerequisites - the adoption of a constructive attitude to building a new European secu-rity order and an effective, if

Co-operation (CSCE), further negotiations to reduce both negotiations to reduce both conventional and nuclear arms and a judicious rephrasing of Nato's military doctrine to give it a less "offensive" ring — in both senses of the word. The political message from Lancaster House is likely to be very similar to that sent at the beginning of last month by Nato Foreign Ministers from Turnberry in Scotland.

But there are a number of additional sweeteners to please Moscow, such as the willingness of Nato countries to sign a joint declaration with Warsaw Pact members (though not on a pact-to-pact basis) on their

own public opinion and thus hinder its rush into unifica-

Britain, though it has not modified its stance on the need for tactical nuclear weapons of one kind or another to be stationed in forward areas in Europe, has agreed not to press its case until German unifica-tion and German Nato membership are in the bag.

France remains strongly opposed to suggestions that

come up with a package which, he hopes, will please the Rus-sians while not aggravating disagreements within the alliance. His proposal that Nato's 30-year-old flexible response strategy be modified so that nuclear arms become "weap-ons of last resort" is a work of semantic genius. It sends the right political signal to Moscow, while not in fact changing the "first use" doctrine, under which Nato reserves the right to use

nuclear weapons when conven-

tional forces are unable to tional forces are unable to resist an attack.

Nato leaders will offer further evidence of their non-aggressive intentions by approving President Bush's proposal to withdraw nuclear artiflety shells from Europe and repesting their desire to open negoti-ations on reducing short range nuclear forces (SNF) in Europe as soon as a conventional forces agreement is reacted in Vienna. Yet, at the same time, they will doubtless repeat their intention to maintain an appropriate mix of conventional and male and appropriate mix of conventional and male appropriate mix of conventional appropriate mix of conventional and male appropriate mix of conventional appropriate mix

appropriate mix of conventional and nuclear weapons.

The decision on what that mix will be and whether it should contain new tactical air to surface missies (TARMs) to be based, among other countries, in Germany, will not figure on the agenda. That, after all, is not the kind of news that would make Moscow drop its opposition to German Nato opposition to German Nato membership,

The Financial Times (Decops) Last Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Gaiofletistrause 54, 6000 Frankfurt Branch, 1060-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Demor, A.C. Miller, D.E.P. Falmar, London, Printer, Frankfurter Societaets-Druckrei-GubH, Frankfurter Societaets-Druckrei-GubH, Frankfurter Medicaets Druckrei-GubH, Frankfurt/Main, Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwirk Bridge, London SEI 9HL. The Financial Times Ltd, 1990.

US Secretary of State James Baker (left) and Francisco Fernandez Ordonez, Spain's Foreign Minister, study their working papers

Western donors extend aid programme

THE GROUP of 24 Western aid donors yesterday formally extended their assistance pro-gramme from two to six east European countries. But they came to no decision on help for

the Soviet Union.
The question of aid for eastern Europe was discussed at a meeting of the foreign minis-ters from the G-24, which includes the 12 European Com-munity nations plus Japan, the US and other smaller western countries.

countries.

They wound up their meeting with a communiqué that expressed inferest in — as distinct from support for — the European Commission's idea of a new Ecultôn (£7hn) financial safety net for eastern Europe and for its recently launched study into possible help for the Soviet Union. Soviet Union.

Mr James Baker, US Secretary of State, said that while macro-economic stabilisation in eastern Europe should generally be left to the Interna-tional Monetary Fund, there had been cases, such as cur-rency stabilisation in Poland, when G-24 action had usefully complemented IMF operations. Mr Douglas Hurd, UK Foreign Secretary, echoed worries about overlapping facilities for eastern Europe. The G-24 min-

isters responded to this Anglo-American scepticism by telling the EC to refine its safety net idea further.
The possibility of broad western aid for the Soviet

Union edged closer with yesterday's communiqué, in which the Commission promised to inform the G-24 countries of whatever Soviet aid proposals it came up with. Last week's EC Dublin summit charged the Commission to produce such proposals.

Mr Baker reiterated US objections to unconditional aid

to a superpower still spending 18 to 25 per cent of its gross domestic product on arms and funding certain anti-American regimes around the world. But he said Washington wanted perestroiks to succeed and so the debate was really over "what sort of conditional-ity" should be tied to aid. The US would not stand in the way of its allies giving Moscow aid,"

he added. The fluidity of the G-24 exercise was underscored yesterday when Mr Baker expressed "great concern" about rising internal tensions in Yugointernal tensions in Yugo-slavia, especially in Kosovo province. In fact by yesterday's decision, Yugoslavia, along with Czechoslovakia, Bulgaria and East Germany, is now in the G-24 aid programme that has so far raised about Eculibn for Poland and Hum-

gary. Romania remains excluded from the aid programme, but Mr Frans Andriessen, the EC Commissioner who co-ordinates the effort, said "the door is open" to Bucharest once democracy is assured there.

Agreement between Nato that such a threat has vancountries on the political message to be sent to the Soviet Union, however, is not entirely echoed by a consensus on mili-tary doctrine. West Germany is

Mr Richard Cheney, the US defence secretary, yesterday warned members of the Nato alliance against complacency over the recent positive developments in east Europe and in conventional arms talks, Karen Fossil writes from Oslo.

remain a military superpower. The task of the alliance leaders rity order and an effective, if modified defence posture — in a potion which will taste like an elixir to the Russians, while not poisoning some of the more hard-headed Nato members.

The alchemy, it is confidently expected, will be achieved by a political commitment to strengthening such pan-European organisations as the Conference on Security and Co-operation (CSCE), further

Turnberry in Scotland.

opposed to suggestions that Nato should assume any "outof-area" responsibilities. It also opposes Nato acting as a single unit within the proposed new institutions of the CSCE.

President George Bush, in close consultation with the Germans in particular, has come un with a package which

Registered office: Number One, Southwark Bridge, London SE! 994L. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Painser. Main tharsholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivolt, 7504 Paris Codes. OI. Tel: (01) 4297 0621; Fazz (07) 4297 0629. Editor: SI: Gooffitty Owen. Prinser: SA Nord Ecksic, 1572l Rue de Caire, 59100 Rouhaiz Codes. I. SSN: ISSN: 1148-2753. Commission Paritaire No 67808D.

Nicosia applies to

join EC on behalf

of all Cyprus

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CYPRUS yesterday delivered Rauf Denktash, the Turkish its long expected application to Cypriot leader, before its subjoin the European Community, mission. It would create serious problems for settlement talks between the Turkish and Greek Cypriots, he said; these are expected to restart later

It was unclear yesterday whether EC foreign ministers would use their next regular meeting on July 16-17 – at which Malta is also likely to apply to join - to invite the Commission to prepare an opinion on the Cypriot applica-tion, or leave until September a request for the Commission to start work. The Commission is expected to take about two years to produce its opinion. Tegally, the EC, like all governments bar Turkey, recognises only the Greek Cypriot government of Nicosia and insists its agreements with Cyprus, dating back to 1973, should benefit the whole island But EC officials concede problems in "the Nicosia government seking for mamber.

Papandreou's cabinet tried to defraud EC

By Kerin Hope in Athens:

A FORMER Greek Foreign Minister admitted yesterday that he and five other cabinet ministers in the Socialist government of ex-Prime Ministe Andreas Papandreou jointly covered up an attempt by Greece to defraud the Euro-

pean Community. Mr Karolos Paponitas told a special court trying one of the former ministers that the cover-up of an illegal maire sale was "in the country's best

"It's a routine practice among EC member states," he asserted. "Some countries believe their economies will be destroyed if they don't do it."
A former Deputy Trade Minister, Mr Nikos Athanassopoulos, is being tried for his part

in defrauding the Community of \$2:5m in countervailing duties by declaring that a shipload of Yugoslav maize sold to Belgimm was of Greek origin. Mr Athanassopoulos is the only former government mem-ber to be tried in connection

with the corn scandal. Twelve civil servants face similar Mr Papandreou and five other members of his adminis-tration have been indicted in connection with financial and wiretapping scandals. Their trial dates have not been set. An EC inspector testified last month that Mr Athanassopoulos blocked an inquiry into the scandal in 1986. The trial began on May 28 and is expec-ted to last several months.

over banking competition within EC

By John Wyles

THE unease within the Italian Government and banking industry about the financial sector's readiness to face free competition within the European Community was strongly in evidence at the annual assembly yesterday of the Italian Bankers' Association.

Mr Piero Barucci, the association's president, Mr Carlo Azeglio Clampi, the governor of the Bank of Italy, and Mr Guido Cari, the Treasury Mindred all placed ways well. ister, all placed unusually strong emphasis on the risks which lie ahead and the continuing absence of a coherent strategy for dealing with

Mr Rarneci saw difficulties in bringing Italian interest rates down to average EC levels, a tougher period ahead for Italian banks because of their new freedom to open branches without prior administrative approval, and also new risks in a recent decision to allow banks to take control of insurance companies. He called for rapid passage by the parlia-ment of laws which will allow for bank restructuring, reform of the stock market and the regulation of financial inter-

Mr Carli acknowledged the necessity of these laws but worried about their mutual compatibility after parliament had introduced a variety of conflicting amendments to the draft legislation. For this reason, he intended to seek delegated approval from parliament which would give the government powers to "reorder" the legislation on bank and non-hapking finencial and non-banking financial

intermediaries.

Mr Ciampi again stressed the need to bring Italian inflation — currently at an annual average of 5.6 per cent — down to average EC levels. The lira's entry into the nar-row band of the Exchange

Rate Mechanism required "coherent behaviour" across the economy from government to companies and trade unions, simed at curbing the growth in domestic prices. The Governor also expressed some concern about the fall in Italian banks' capital ratios from 12.7 per cent to 10.3 per cent at the end of last year.

Rome uneasy | Three nations press for commercial whale kills to start again

By Ronald van de Krot in Noordwijk

IF JAPAN. Norway and Iceland have their way, commercial whale-killing will be allowed again from late 1990, ending a four-year worldwide ban seen as one of the greatest victories for wildlife conservationists in

the 1980s. The three nations are pressing for limited return to commercial whaling at the 42nd annual conference of the Inter-national Whaling Commission (IWC), being held this week in Noordwijk, near The Hague. The conference pits Japan,

Norway and Iceland against other governments and envi-ronmentalist groups who argue the world's whale population is still too vulnerable to let commercial hunting go ahead again. Japan, Norway and Ice-land need the backing of three-quarters of the 29 countries at the conference to resume commercial hunting. Their chances of winning quotas this year are slim.

Greenpeace, the environmental group, says the conserva-tionists are confident of victory. But they have been surprised by the forcefulness of the pro-whaling nations' efforts. These hint they may leave the IWC if their wishes are blocked. Focus of attention is the minke whale, smallest of the great whales and the last to be hunted in the 1980s before "zero catch limits" went

Iceland wants to hunt up to 400 minke whales a year in the

mid-Atlantic in the early 1990s. Norway wants to "harvest" up to 2,000 in the north-eastern Atlantic; Japan seeks a quota for minkes in its coastal waters and in the southern Antarctic, The debate revolves around how many whales are left in the world's oceans, and the effect of resumed hunting. The TWC's scientific committee

Conservationists are surprised at the forcefulness of the pro-whaling nations

believes there are about 760,000

minke whales in the southern hemisphere, but there is less agreement on the number of minkes in the Atlantic.

The whaling moratorium, first agreed in 1982, was introduced in 1986 but only effective in 1988, when Japan lifted its objections. Since 1986, all three countries have conducted scientific killings of whales to compile data. The Soviet Union recently announced plans to kill 200 whales for research. Conservationists call these kill-ings commercial "harvesting" in the name of science. Lobby groups outnumber national egations two to one at the conference. Outside, Greenpeace has three plastic whales marked "Stop the killing". Inside, Norwegian fishermen demand the right to hunt

Bank of Mexico wins lucrative contract to print Peru banknotes

By Richard Johns in Mexico City

THE Bank of Mexico has acknowledged that it is print-ing bank notes for Peru, which could be a lucrative business given the South American country's 2,200 per cent infla-

tion rate. Fabrica de Billetes, an affiliate of the Central Monetary Authority, has an initial contract to print 40m bills of 100,000 Inti denomination and a further 40m notes of 500,000

El Comercio, a Peruvian newspaper, recently reported that Fabrica de Billetes had bid \$26.60 for every thousand notes printed, compared with an average bid of \$42 from Euro-

The Mexican money-printing press is not revealing the over-all value of the initial contract, but it could be open-ended one depending on how successful the newly elected President Alberto Fujimori of Peru is in

bringing down inflation. Peruvian bank notes have been supplied previously from a variety of sources including Italy, Brazil and the UK, from Thomas de la Rue.

At the present rate of exchange, the 100,000 inti note will be worth just less than one US dollar. So at a production cost under the Fabrica de Billetes tender of just over 2.6

cents, they will be worth more than the paper they are printed

Several months ago, however, when the Peruvian government introduced a series of 10 inti notes, by the time they reached the streets they already cost individually more to produce than they were

The management of Fabrica de Billetes, surely mindful of the fact that at the peak of Bolivia's hyper-inflation the Latin American country's biggest imports were bank notes from Thomas de la Rue and that shoppers had to carry cases full of bills to the super-market, must be encouraged at the prospect of business with

Moreover, with Mexico's monetary aggregates generally under control, it can be assumed that Fabrica de Bil-letes has considerable spare

capacity.

Although inflation this year the Government's projection of 15.7 per cent for the year - it will be nearer 25 per cent, according to the Centre for Private Sector and Economic Studies – the rate of price increases is con-siderably down from its high point of 159 per cent three years ago.

EC plans better tariff preferences for the **Third World** By Lucy Kellaway

in Brussels

THE mechanism under which the EC grants trade advan-tages to Third World countries is out of date and needs to be overhauled, the European Commission decided yester-

day.
It said the Generalised System of Preferences - in operation for 20 years - had been made increasingly irrelevant by successive Gatt rounds, which had reduced the tariff levels and therefore reduced

the advantages of the GSP.

The system had become increasingly complex to administer, was not transparent, and was of limited help to the poorest countries in becoming competitive, the Commission said.

However its proposals fall short of the wholesale review of the system demanded by

The Commission is suggesting that quantitive restrictions be phased out, opting for a more flexible system that takes account of the competitions of the contract and the contract of the competitions of the contract of

tiveness of the country and the type of goods involved. The Commission has also proposed extending the range of goods covered to keep step with the growing number of sectors falling under the Gatt umbrella and the increase of these products from Third World economies.

Brussels also wants to improve the rules of origin on the products that qualify. Its suggestions will be put to trade representatives in Paris in September, although it said yesterday there would be no

point in introducing a new

scheme until the outcome

the Uruguay Round had This would mean extending the present system into 1991, and bringing in the new arrangements the following

At the moment the benefits from the GSP fall unevenly, with 10 countries accounting for 70 per cent of the total

This amounted to Ecu1bn (\$1_23bm) in 1988 in terms of reduced duties.

minke whales. UK insurer quits a US market

By David Barchard

ROYAL Insurance, the largest UK composite insurer by pre-mium income, is to withdraw from the Massachusetts motor insurance market, at a cost of \$40m in exit fees to Massachusetts Commonwealth Automobile Reinsurers, the residual

market association. Royal has been losing about \$10m a year for several years on its motor insurance business, which accounts for \$53m of its \$119m annual business in the

The deal with the Massachu-setts authorities will allow Royal to continue to sell general

insurance and life assurance in the state, and to spread the \$40m payment over four years. insurance companies have found it difficult for several years to make a profit in the US motor insurance business because of rate regulation by the authorities and high levels

of damages awards.

Royal's deal compares favourably with one negotiated in 1988
by another British insurance group, General Accident, which pulled out of motor insurance in Massachusetts but had to sur-render its licence for other insurance activities in the state.

Mr Roy Randall, for Royal, said that despite the depressed state of much of the US motor insurance market, Massachu-setts was the only state from which the group would with-

"We are not contemplating withdrawing from California, but we shall be reducing our exposure to it. Our strategy is to concentrate on those states where we have the greatest potential for profit," he said. Commercial Union, another British insurance group, is also considering quitting the Massa-chusetts market.

US defence chief goes private

MR CRAIG FIELDS, who was abruptly reassigned in late April to be deputy director of Defence Research and Engi-neering at the US Defence Department, is to head Micro-electronics and Computer Technology Corporation, a US electronics industry research consortium, Louise Kehoe writes from San Francisco. He is to join MCC as president, chief technical officer and chief operating officer next

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By Philip Gawith in Johannesburg

A South African government inquiry into marginally profit-able mines has recommended that state assistance only be given when in the national interest and when a mine is not dependent on assistance for its long-term viability.

The report comes on the heels of an inquiry into the ERPM mine's future, and at a time when the local industry is under considerable strain following a fall in the gold price from a February high of \$423. Although the price has recovered slightly in the past week, numerous operations

remain unprofitable. The committee of inquiry, chaired by Dr Org Marais, Dep-uty Minister of Finance, said if 13 marginal mines were closed over the next five years, 77,600 jobs would be lost.

The loss of total value-added would be equivalent to 3.6 per cent of Gross Domestic Product in 1989.
Although gold remains central to the economy, the committee's report noted that its

relative importance as a contributor to GDP, and as an employer, taxpayer and exporter, had declined signifi-cantly over the past three

of the country's total exports in that year. On the basis of a profit-torevenue ratio of less than 6 per

cent for the six months to June 30 1989, the Chamber of Mines classified 13 mines as mar-These mines provided about

13 per cent of the country's gold production in 1969. State assistance to the goldmining industry dates back to 1918. Since the start of 1988 this has been on an ad hoc basis, with most aid in the

form of general financial assistance and help with the pumping-out of "extraneous

The report also recom-mended that assistance should only be provided where there was evidence that mines were taking separate measures to

Alberto Fujimori: honorary citizen

By Robert Thomson in Tokyo

THE Japanese Government" was condemned yesterday by groups representing farmers

the price last year for fear of electoral losses by the ruling Liberal Democratic Party.

Mr Toshiki Kaifu, the Prime

Minister, said yesterday the proposed cut was "reasonable"

and was reached after "consid-

ering opinions from a variety of sectors", although the Rice Price Council is yet to give for-mal approval.

Zambia court

'confession'

By Miles Hall in Lusaka

spums general's

ZAMBIA'S high court ruled as

inadmissable evidence yester-day a "confession" by Lt Gen Christon Tembo, a former

army commander charged with treason for his alleged

involvement in a 1988 plot to

overthrow President Kenneth Kaunda's government.
The court ruled that the

statement had been forcibly extracted by security officers while the general was being interrogated, that he had been denied medical treatment for his disbetes and that he had

been tranmatised by threats

The former army com-mander, charged with three other senior army officers, appeared relaxed but deflant

yesterday as a heavily armed paramilitary unit surrounded

the Lusska court.

He described the recent unrest as "an indication of the

peoples' feelings" when he

talked to a reporter during a recess. The general was a popular figure in the army and analysis say many in the ranks are angered by his mis-

Many civilians showed their

"Raunda out, Tembo in" dur-ing last week's anti-govern-ment protests. "I thank them

for that... the struggle must continue," he said.

In the lower courts, more than 100 people accused of rioting and looting appeared under heavily armed guard to deliver their pleas. Thirty-four university students were also due in court.

egainst his family.

by farmers' lobby

address financial problems.
This might include negotiating with big suppliers for favourable treatment, responsible wage-determination and utilisation of futures contracts to gold and dollars. in gold and dollars.

It is also suggested that state assistance should be given indirectly — such as the state being a party to agreements between a mine and financial institution — with direct assistance limited to extreme cases and with strict conditions.



Mandela seeks to allay foreign investors' fears

By Michael Holman

GREATER state perticipation in the economy of a post-spartheid South Africa would be necessary unless other ways of improving black living stan-dards and meeting expecta-tions were found, Mr Nelson Mandela told a meeting of 250 British business leaders in London yesterday.

We believe there will be a mixed economy, though we have no blueprint as to the make-up of that mix," the deputy president of the African National Congress said in a speech designed to resssure foreign investors. Mr Mandela told the meet-

ing, organised by the Confeder-ation of British Industry, that private capital, both domestic a vital role to play in the eco-nomic and social reconstruction of South Africa after

apartheid.
It will be critical that the economy grows rapidly and at rates that supersede population growth. This cannot hap-pen without large inflows of foreign capital, including Brit-ish capital," he said.

"We must have access to the management skills, the body of technology and the risk capital which make for the success of your own corporations in both the domestic and international the fact that as investors in a post-apartheid South Africa you will need to be confident about the security of your investments, an adequate and equitable return on your capi-tal and a general climate of peace and stability."

But Mr Mandela went on to

emphasise that an ANC gov-ernment would seek "growth

with equity".

A spontaneous "trickle down effect" would never be sufficient to redress the gross imbalances that were embed-ded in the South African economy. "The intervention of the democratic government...will He said the economy would

have to be restructured. Although he did not elaborate on this in his prepared text, in a brief question and answer ssion that followed he made clear that imbalances could not be remedied simply through hanges in taxation. Mr Mandela stressed that the

ANC approach to state partici-pation - he did not use the vord nationalisation – was not dogmatic."

The party was aware of mistakes made elsewhere, would call on expert advice within and outside South Africa, and would not take unilateral

Kenyan rally called off

By Julian Czanne in Nairobi

PRO-DEMOCRACY leaders in Kenya backed out yesterday of organising the first significant in the face of government warnings that the meeting could degenerate into a blood-

Mr Kenneth Matiba and Mr Charles Rubia, two former cab-inet ministers who are leading the campaign for a multi-party democracy, said they would not hold a mass meeting on Saturday because the govern-ment had refused to grant

They also denied claims made by President Daniel arap Moi that they were plotting to have people indiscriminately shot at the rally and then blame the Communication.

The statement comes amid mounting tension about the possibility of violent clashes but political observers believe that, people will still try to pack a meeting ground in one of the city's alum areas to denongerate their support for a onstrate their support for a multi-party syste

multi-party system.

Throughout the week Mr Moi has been strongly warning people not to attend the "illegal" meeting organised by "power hungry individuals".

He has also threatened that the police will use their full powers to protect extensions. powers to protect state secu-

In a lunch-time broadcast yesterday the president said he had been too lement for too long and was now running out of patience.



Peru's president-elect ends Japan tour on high note, but empty-handed | New Delhi Fujimori proves a home-town hit

MR Alberto Fujimori, Peru's president-elect and the son of Japanese immigrants, yesterday made a trium-phant return to Kawachi-machi, a small town on the southern island of Kyushu which his parents left 60 years ago. Ever since Mr Fujimori, a second-gen-

eration Japanese-Peruvian, entered the presidential race in Peru, the townspeople have been following his fortunes with as much interest and nervous concern as if he was one of their own. Following his victory in the presidential run-off early last month, "Fujimori fever" swept through the usually sleepy

The heavy rains that have hit Kyushu, claiming 27 lives in the past few days, were not about to prevent townsfolk turning out to cheer his "homecoming"; even the skies cleared for the first

ime after days of downpours.

As he arrived at the local sirport in Kumamoto city, Mr Fujimori was greeted by a crowd of more than 100 citizens. His relatives, who still live in Kawachi-machi, were also there for the

fast computer

Hitachi, a rival electronics

group. The announcement will intensify pressure on other makers to bring out new machines, including IBM, the world market leader, which is

developing a mainframe called. Summit.

NEC said the top of the range model of the new range - the ACOS System 3800/60

can process 500m instruc-tions per second (MIPs), using six processing units. This com-

pared with 155m instructions for the M880/420, the top model amnounced by Hitachi a

month ago:
NEC said the ACOS 3800 was between 2.7 times and 3.8 times faster than its current

top range the ACOS 1500. It plans to start shipping the ACOS 3800 models in April

By Stefan Wagstyl

Rice price cut condemned NEC launches

cil complained that the Gov-ernment had changed the cal-culation formula in an attempt

to minimise the cut, but found that the reduction was still too much, and settled arbitrarily

on the more politically accept-

able 1.5 per cent figure.

The lower price is likely to be sweetened for farmers by an

increase in subsidies for pro-duction of "high quality" rice. Rice is also a sensitive trade

issue, with the US pressing

Japan to lift an import ban as part of the Uruguay Round of multilateral negotiations under

the General Agreement on Tar-iffs and Trade. The Japanese price is about seven times the

world price, but the Govern-ment has argued that imports must be banned on the grounds of "food security".

But an opposition party and a senior member of the LDP have said the market will be prised openand officials are believed to have begun preparing proposals for very limited rice imports.

The reception was warmer than in Tokyo where, despite attempts to play up his Japanese background, officials have responded cautiously to claims that the president-elect's ties with Japan would help him win Japanese

Mr Fujimori today winds up his fiveday trip to Japan, during which he was received by Emperor Akinito. In meet-ings with Prime Minister Toshiki Kaifu, members of the Diet and Japanese industry, he repeatedly stated that he hoped to receive financial assistance from Japan in his first and most crucial

task as president, namely rebuilding the Peruvian economy.

Japan suspended low-interest yen credits to Peru in 1984 when interna-tional financial institutions, such as the International Monetary Fund, cut off financial aid following the country's non co-operation in repayment of exter-

The Japanese Government, however, failed this week to make any specific commitments other than a promise to send specialist missions to Peru to study measures for rebuilding the econ

Senior officials have stated publicly that they cannot give Peru special consideration because of Mr Fujimori's Jap-anese background. The primary con-cern for Japan is that Peru co-operate

carn for Japan is that Perd co-operate with international institutions in working to resolve the problem of accumulated external debts.

The Tokyo cold shoulder, however, has not dampened enthusiasm in Kawachi-machi. Soon after Mr Fujimori's election victory the townsfolk decided to make him an honorary citizen the town has accorded such first time the town has accorded such an accolade. Peru now looms large in the minds of local schoolchildren who yesterday waved the red and white Peruvian flag excitedly as they strug-gled to shake his hand.

This was Mr Fujimori's second visit to his parent's home town, but it was a very different kind of homecoming. On his last trip he was chided by his uncle for not taking off his shoes on entering the house, as custom and good manners

Four charged with tax fraud in stock scandal

By Stefan Wagstyl in Tokyo

NEC, the Japanese electronics combine, yesterday launched a range of maintrame comput-ers, which it claims are the fastest in the world. FOUR former employees of Kokusai Kogyo, a Japanese company at the centre of a stock trading scandal, were indicted yesterday on tax fraud The company claimed its machines would out-perform a model unveiled last month by

charges. Mr Norio Ishibashi, the company's former treasurer, and three former colleagues were accused of evading taxes totalaccused of evaluing taxes total-ling Y910m (23.4m) on profits made trading Kokusai stock during a hostile raid on the group in 1987 by Mr Mitsuhiro Kotani, head of a speculative investment syndicate. Mr Kotani later won control of Kokusai in a contraversial Kokusai in a controversial

The Tokyo District Prosecutor's office alleges the four made profits on their own account using information about the hid gained from their work. The investigation has wide-ranging implications since Mr Kotani has links with sentor politicians.

The prosecutors' office yes-terday re-arrested Mr Ishi-bashi, aged 49, and Mr Yosh-iaki Inoue, his 47-year-old

former deputy in the financial department. They are alleged to have embezzled Y895m of Kokusai Kogyo's money. According to the investiga-tors, Mr Ishibashi and Mr

Inoue originally co-operated with Mr Kotani in his effort to buy Kokusai shares. But they later fell out with him and decided to seek other investors in the hope of persuading them to buy shares to block a bid by Mr Kotani to corner Kokusai Kogyo's stock.

Prosecutors said the two had Prosecutors said the two had taken the company's money between February 2 and April 11 of 1968 and paid it to an unnamed political group leader and other investors. Mr Ishbashi resigned from Kokusai Kogyo on April 11 but between then and October 16 spent a further Y280m trying to get support for blocking Mr Kotani.

Koshin, an investment group headed by Mr Kotsul, finally won control of Kokusai Kogyo in December 1988.

Kashmiris demand referendum

Nations office yesterday, their Moslem festival day of Rid, demanding that India hold a referendum on the future of their state, Reuter writes from Srinagar.

The crowd gathered outside the office of the UN Military Observer Group in the state's summer capital Srinegar. They handed in a memorandum urging a vote on whether Kashmir should be indepen-dent, join Pakistan or continue under Indian rule.

Indian security forces ma no evident attempt to stop the protest and the crowd dis-persed peacefully, witnesses

Kashmiris have frequently tried during a six-month-old-revolt against Indian rule to march to the office of the UN march to the office of the UN group, which monitors a cease-fire line dividing Kashmir between Indian and Pakistani control. But such demonstra-tions have often ended in vio-lent clashes with security

Heavy rain washed out an kid gathering called by separatist militants on a large open space in Srinagar, avert-ing another potential confron-

India's governor in Kash-mir, Girlsh Saxena, had withdrawn security forces from most of the Idgah ground for the festival but had kept some deployed around a "martyr's graveyard" in one corner of the area, where militants bury their dead. Kashmir is india's

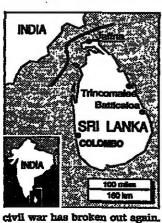
ABOUT 15,000 Kashmiris

Sri Lanka slips into yet another cycle of ethnic violence

Mervyn de Silva examines the background to the renewed civil war between the Government and the Tamil Tigers

joggers on Colombo's famous Galle Face esplanade these days. By dawn, a small queue starts to form close to the old Parliament House, Across the road is army headquarters. By noon the queue of young men has grown of them are Sinhalese, who make up 75 per cent of the island's 17m population. All want to join the new war against the separatist Tamil Tigers, dubbed locally Kelam War Two.

Eelam is the name of the independent state which the Tigers and other rival militant groups wish to set up in Sri Lanka's north-east, their tradi-tional homeland. The Tigers (LTTE), the toughest of the lot, have been waging their guer-rilla war for almost 15 years. After a short period of peace



Eelam War One ended abruptly when a 6,000-strong Indian Peace-Keeping Force landed in Jaffna, the northern capital, in August 1987 after President

Minister Rajiy Gandhi signed a Minister Rajiy Gandhi signed a "peace accord".

The pact gave the Tamils a substantial measure of regional autonomy through a north-east provincial council. Trincomalee, the strategic Indian Ocean port and Sri Lankan naval base, would be a special zome. After 12 months, a referendum would be held in the region to decide whether the merger should continue. In the east, the main area of In the east, the main area of confrontation, the Tamils compose only 42 per cent of the population. The Moslems and the Sinhalese make up the rest

in about equal proportions.

All the Tamil parties accepted the pact as a fair deal except the Tigers — the most powerful group — who argued that the east was part of the Tamil homeland until the Sin-halese "colonised" it by introd-

The Tigers boycotted the provincial polls supervised by the IPKF. The Tigers' main rival, the pro-Indian EPRLF, swept the poll. The Tigers, who are determined to seize the east by force since the north alone is not economically via-ble, went back into the jungles to bide their time.

The IPKF found that it could

By Hugh Carnegy in Jerusalem

MR Yltzhak Rabin yesterday

called on the Israeli Labour

Party to decide quickly on his bid to replace Mr Shimon Peres as party leader. He also warned of a dangerous stalemate in Middle East peace efforts

under Israel's new right-wing

government.

Mr Rabin, himself Labour leader and Prime Minister in the mid-1970s, said the party must "restore the credibility" of its leadership and seek to topple as soon as possible the narrow coalition headed by Mr Yitzhak Shamir, the Likud

neither disarm the Tigers and force them into the democratic mainstream not the democratic mainstream nor crush them militarily. It did keep the Tigers bottled up in the jungles, but at a high cost. The initial 6,000-strong force grew to 60,000 troops, 1,300 of whom were killed and 3,000 injured. Over two years \$1bn was seen Over two years \$1bn was spent in the Sri Lankan misadven-

But the presence of an "occupation army" fuelled the highly emotional propaganda of the Sinhalese extreme

nationalist group, the JVP. Once elected, Mr Premadasa tried to undermine the JVP's appeal by demanding the IPKFs withdrawal

Rabin seeks early leadership vote

Party leader, offering the elec-torate a clear alternative to the

Government's hardline poli-

Speaking to foreign reporters, Mr Rabin said he did not believe Mr Shamir's coalition

could advance a stalled US-backed initiative to start Israe-ii-Palestinian talks on the occu-

pied territories. "Without starting a dialogue with the Palestinians... nothing will

move in the peace process."
"If the peace process remains frozen... we will see more and more an inclination among

Having terrorised the mid-dle-class and the established political parties, and paralysed the administration and trans-port services, the JVP was ready for the final push. An over-stretched army could not fight a two front war against both the Tigers and the JVP if the IPKF left. But President Premadasa had already estab-lished contact with the Tigers and peace talks were in full swing when the JVP launched its final operation to "take Col-ombo". The army, freed tempo-rarily from fighting the Tigers, was able to concentrate on the JVP and crush them. The official death toll was 16,000. Human rights groups place it

Many Sinhalese believe that Mr Premadasa has been tricked by the Tigers, who had been secretly preparing for "Eelam War Two" all along. But the Tigers may just have grown tired of negotiating with the Government. The talks lasted 14 months but nothing had been done to withdraw the had been done to withdraw the sixth amendment, which makes it illegal to espouse sep-aratism, nor to dissolve the north-east provincial council.

Arab countries - led by Iraq - to take more extreme politi-cal positions towards Israel."

Mr Rabin will today by to persuade the party leadership to set an early date for a lead-ership election in Labour's cen-

tral committee. He believes the

party is unelectable under Mr Peres, leader through four unsuccessful election cam-paigns. There is no doubt that without winning potential vot-

ers of the moderate right we will not achieve (victory). This is one of the reasons why I'm a candidate for the leadership."

The Tigers probably suspected deliberate delaying tactics although constitutional changes need a two-thirds majority in parliament which Mr Premadasa's ruling UNP does not command. Trying to woo the smaller opposition par-ties including the Moslems has been difficult and time-con-

Mr Premadasa has finally introduced a bill enabling the

to be dissolved but it has been challenged in the courts by an EPRLF member of parliament. But Mr Premadasa also alienated the army and the Sinhala opposition just before the latest violence by thinning out troops, dismantling small army camps and reducing the security presence in the north-east. Mrs Sirmavo Bandaranaike, the opposition leader the Enddhist clarar and leader, the Buddhist clergy and the Sinhala press have roundly condemned Mr Premadasa's

"policy of appeasament".

Once again, the Tamils and the Sinhalese are both infuriated, government policy is losting direction, and Std Lanke's ing direction and Sri Lanka's aid donors are becoming increasingly anxious as the death toll mounts, allegations of atrocities return and the tragedy of the country appears

steps up austerity drive

By K.K. Sharma in New Delhi

THE Indian cabinet has ordered fresh austerify mea-sures after a review this week showed a shortage of resources and potential balance of pay-

and potential balance of payments difficulties.

The Finance Ministry has requested an across-the-loand spending cut of 10 per cent from all government departments, focusing on administration. It is seeking to cut the budget deficit — which is showing signs of exceeding the projected Re75bn — by nearly Re40bn (21.5bn).

Further cuts cover foreign

Further cuts cover foreign exchange expenditure, the first in a series of curbs that will seek to reduce departments' foreign exchange spending. Reserves now cover less than two months' worth of imports, which would make it difficult to provide for emergencies.

Measures to conserve foreign exchange were introduced a fortnight ago; supplies of petro-leum products to industry and other consumers were cut in an attempt to reduce crude imports by about 3m tunnes this year.

The Government has now announced that the foreign travel budgets of all ministries will be reduced by 20 per cent, will be reduced by 20 per cent, imports of compenents will be cut by 10 to 15 per cent, and all foreign offices of agencies promoting foreign investment and trade abroad will be closed in addition, some sections of the large Indian missions in Londron and Washington are to be wound up. wound up.
The immediate impact of the

measures will be a nominal annual saving of Ra5bn in for-

India lifts ban on flights by Airbus A-320s By K.K. Sharma

THE Indian Government yesterday decided to allow Indian Airlines, the domestic carrier, to resume flights by its fleet of Airbus 320s, grounded since a crash at Bangalore airport last February.

The decision was taken after the cabinet accounted a report

the cabinet accepted a report on the ability of Indian Air-lines and indian airports to fly the sophisticated fly-by-wire Airbus 320s. Since the Airbus crash, there

has been controversy over the Rajiv Gandhi government's decision to buy the streraft. fiter cancelling an order for

Boeing 757s. Indian Airlines has been losing about Rs25m (£830,000) a week since the grounding of

the fleet.
The Government will now the plan of last month

The Government will now abandon its plan of last month to lease the 14 grounded Airbuses and sell four aircraft awaiting delivery.

The Government has given instructions that all the safety precautions recommended by the committee should be adopted and that no chances should be taken with the safety should be taken with the safety

of passengers.
Accordingly, flight engineers are to be given refresher courses on the avionics systems of the Airbus 320 and maintenance support and infrastructure facilities are to be reviewed.

A court of inquiry is investigating the crash.

Taiwan offered Chinese N-site By Peter Wickenden in

Taipei CHINA has offered to provide

sites for Taiwan's state-run electricity producer Taipower to process and store nuclear waste. Taipower said it was studying a proposal sent indi-rectly from China's Energy Ministry suggesting technical co-operation. Taiwan has three nuclear

power stations running at maximum capacity and stores its waste at a temporary facility on an offshore island inhabited by aborigines. The building of a badly-needed fourth plant has been held up for several years by environmentalists opposition. Electricity may have to be rationed at peak periods this summer.

Parties discuss reform programme

TAIWAN'S emergency conference on national affairs, a six-day brainstorming session on how to reform the government, wound up last night with both main parties agreeing that it had been a success, Peter Wickenden writes.

President Lee Tang-hui bowed to public calls for the conference on the eve of his election in March. Most of the 235 participants were selected.

235 participants were selected from the Knomintang, the rest coming from the Democratic Progressive Party, former dissidents, politicians, businessmen

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John Martin Irediae and Michae Moore Joint Administrative Receiver Office holder nos 2104 and 6520) Cont Gusty.

Food is added to Mozambique's armoury

Julian Borger reports on the plight of the latest people displaced by a 15-year civil war

most fertile regions of southern Africa, thousands of peasants are arriving at relief camps, exhausted, dressed in bark stripped from the surrounding forest, and starving They are the desloca-dos, people displaced from their land by the most recent wave of fighting in Mozambi-que's fifteen-year civil war, a conflict that revolves, now, more than ever, around the control of people and the food they produce.
The best chance to date to

put a stop to the fighting was frittered away earlier this month as direct talks between the Mozambican Government and Renamo rebels were aborted in Malawi. Both sides, aborted in Malawi. Both sales, together with Kenyan and Zimbabwean mediators, had delegations in Blantyre, but Renamo's leader. Mr Afonso Dhlakama, left town before talks began, repeating previous Renamo objections to Malawi as a venue.

In the southern and central provinces, with substantial belp from the Zimbabwean army, government troops have attacked rebel military bases. In Zambezia, they have moved into traditionally Renamo-held rural areas and brought the civilian population back to camps in the towns and vil-

lages they control.

The civilians are officially claimed to have been "libersted," not without some justification. Desiconics arriving at the small Zambezia town of Alto Molocue of his own

THE FATE of Liberian

President Samuel Doe was

unclear yesterday, a day after he was reported ready to quit as the capital Monrovia came under rebel siege, Renter reports from Abidjan.

Monvoria is cut off from the world, with telephone and teler links down and no flights, scheduled or charter, to the

scheduled or charter, to the

city.

Rebels led by Charles Taylor, former associate of President Doe, have surrounded the capital, blocking all land routes in and out.

Diplomats contacted in



Alto Molocue described how Renamo habitually extorted supplies from them. "The mambos (Renamo chieftains) would send their men to every-one's place demanding food," explained Vicente Muriviwa,

formerly a peasant farmer, now another refugee depen-dent on food aid. They told us anyone who refused would be taken to the Renamo base and whipped." Renamo has a record of being still more brutal to civil-ians outside their areas of control, regularly massacring entire villages suspected of sid-ing with the ruling party, Fre-

neighbouring Ivory Coast were

either in the dark about latest

events or remained tight-lipped.

is very confused. We can't say

anything more," one said.

The last news report, sent jointly by foreign journalists

via radio telex on Tuesday,

quoted political sources as say-

to resign on condition his safety and that of his minority

Krahn tribe were assured. The journalists said a delega-

tion of close aides and politi-cians headed by Vice President

ing President Doe had agreed

The situation in Monrovia

Doe urged to stand down as

rebels advance on Monrovia

Some of the deslocados (displaced people) at a relief camp in Zambezia province

accord. Other deslocados said they had been forced to flee when their houses and crops had been burnt down as government troops moved into

Dut crowding the rural population into camps also serves the purpose of cutting off Renamo's food supply. It is the continuation, this time for purely military purposes, of the discredited collectivisation, political of the jectivisation policies of the lectivisation policies of the early eighties, which are now thought, even in Frelimo cir-cles, to have driven many peasants and their chiefs into the arms of Renamo first of all. The strategy may now have short-term military advan-

Harry Moniba had told Presi-

dent Doe to step down.

Heavy fighting continued some three kilometeres north

of Monrovia port on Tuesday, they added. Rebel sources in Ivory Coast

said yesterday that they had

received no fresh news from

The sources, in radio contact with the rebels, said on Tues-day the guerrilles were only 200 metres from President

Doe's fortress-like mansion where he is believed to be bar-

ricaded with a crack battalion

and Israeli-trained bodyguards.

Liberia.

Angola attacks Savimbi

plan for peace 'corridors'

tages, but the end result could be mass starvation. Aid agencies working in Zambezia estimate that there are over a mil-lion deslocados in the province, half the national total. Even if foreign donors meet the pledges made at this year's

emergency appeal, there will be food for only 400,000.

The deslocados are the victims not only of the war but also of "donor fatigue," By the time the appeal — Mozambique's unprecedented fourth in succession - came round in New York in April, the rest of the world was fast losing interest, as a consequence of the distractions of eastern Europe, and impatience over both

THE Angolan Government

yesterday denounced a pro-posal by rebel leader Mr Jonas Savimbi to set up "corridors of

peace" for humanitarian aid to

reports from Harare.

civilians in war zones, Reuter

Mr Savimbi proposed the

plan last week in letters sent to the presidents of the United

States, the Soviet Union and Angola, saying his country

faced mass starvation and

urging joint Soviet-American

A statement distributed by

the Angolan embassy in Zimbabwe said Mr Savimbi was

making opportunistic use of a

efforts to bring in relief.

lusion over the level of corrup-tion in the official food distri-

N officials believe that more than 12 per cent of Mozambique's food ald is diverted for sale at a profit by government officials and soldiers. Several foreign and Mozambican relief workers in Zambezia are privately expressing their concern that the higher ranks in the military are making too large a profit from the war to have an

interest in a lasting peace.

The Mozambican Govern ment, on the advice of aid agencies, scaled down their request for emergency assistance this year to \$136m, just over a third of last year's appeal. It was a realistic figure in terms of what the world was prepared to contribute, but, aid officials say, it is less than half of what will be needed. Even if a working peace was

signed today, the country's food crisis would remain, if not worsen, as over 900,000 refugees made their way back iron.
Malawi and Zimbabwe. In the
long term, of course, food production would increase when
the population felt safe to es made their way back from

Provinces like Zambezia could be self-sufficient after two harvests. But for Mozambi-que's deslocados, confined to relief camps waiting for food that will probably never arrive, the long term may be too long

real tragedy to gain freedom of

movement and easier access to

US war material coming into

The United States is currently providing \$50m a year in military aid to Mr Savimbi's

National Union for the Total

Independence of Angola (UNITA).

The statement welcomed

proposals for humanitarian aid to Angola by the US Congress but criticised the State Depart-

ment in Washington for pro-posing to distribute the aid through Botswana without involving the Angolan Govern-

Angola from Zaire.

Release of Lebanese prisoners raises hopes for hostages

By Lara Marlowe in Beirut

FIFTEEN western hostages in Lebanon may be closer to freedom following the announcement this week that 300 Shia Moslem prisoners held by pro-Israeli militiamen in southern Lebanon could be released

The 'Voice of the South' radio station, operated by the South Lebanon Army militia, said that Israeli Brigadier General Za'ev Zakharin was considering the release of 300 prisoners held at Khiam, southern Lebanon, by the SLA, which is trained and financed by Israel. Gen Zakharin, who is the

commander of Israel's northern border area, was on a tour of Israeli and SLA installations in southern Lebanon during the Moslem feast of al-Adha, a time when it is Arab custom to

release prisoners.
In the past, statements issued by militant Islamic fundamentalist groups, such as the Revolutionary Justice Organisation, the Islamic Jihad for the Liberation of Palestine and Islamic Jihad, have all demanded the release of Khiam prisoners as a condition for the reedom of American and British hostages.

The groups are believed to be different labels for the pro-Iranian Shia Moslem.

The release of two American hostages in April prompted speculation that Khiam prisoners would also be freed in the

near future. Although a few 'routine' releases took place, both SLA and Israeli officials denied there had been a deal to exchange their Lebanese pris-oners for westerners held in

The Israelis said that any agreement would have to include three Israeli servicemen captured by the Hizbollah

At the same time, the Hizbol-lah yesterday renewed verbal attacks on the Saudi royal family, blaming King Fahd for the death of 1,426 pilgrims in the holy city of Mecca on Monday and calling for an end to Saudi Arabia's custodianship of Islam's holy cities of Mecca and Medina.

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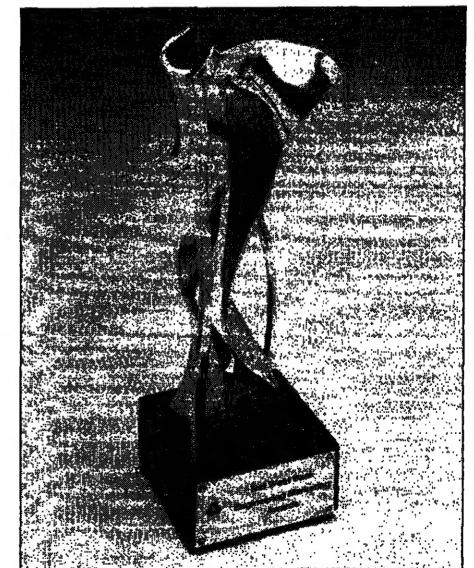
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UK NEWS

STANHOPE properties, the developer, has announced an alternative design for the proposed east London river crossing, to coincide with the opening of the public inquiry into the crossing and the planned extension of London City Airport.

Its bridge, commissioned from Mr Santiago Calairava, the Spanish architect, would be an arched form across the Thames as opposed to the box girder design favoured by the Department of

The inquiry will examine the design criteria of the new crossing in the light of the proposed development of the sirport. The bridge, from Thamesmeed on the south of the river to Newham and the Docklands on the north bank, will be the first crossing over the Thames on the approach

Britain in



Overseas visitors up by 11%

The latest statistics show that the number of overseas visitors to the UK in April 1990 rose to 1.4m, 11 per cent up on the same month last year. They spent £500m, an

increase of 15 per cent. The April figure took the number of overseas visitors to the UK for the first four months of 1990 to 4.8m, 4 per cent above the same period in 1989. Spending for the period was up 11 per cent to

The Department of the Department of Employment figures also showed that the number of UK residents going abroad in April 1990 was 2.5m, a 21% rise on April 1989. Their spending rose 20% to £715m.

The British Tourist
Authority's clusteres

Anthority's chairman, Mr William Davis, said: "Thes figures confirm the increasing value of tourism to Britain."

Criticism for British Telecom

Some aspects of British
Telecom's service have
improved in the past three
years but its customers are
still not getting the service
they deserve, according to a
survey published by the
Consumers' Association

Consumers' Association yesterday. The survey, based on 15,000 calls made by nearly 600 customers in February, shows that BT's performance has improved on some fronts but much remains to be achieved in other areas.

Two fifths of the association's panel said their phone had been out of order in the previous year and a half. And the survey claimed that BT was not significantly quicker in repairing faults than it had been three years

ago when the association conducted its previous survey. On the other hand, call quality has improved considerably with only 4 per cent affected by poor lines, crossed lines or disconnections, compared with 10 per cent in

New Bristol development

A 2500m scheme to develop the centre of Bristol based around Brunel's Temple Meads railway station and his nearby

railway station and his nearby floating dock was announced yesterday.

Work on the first phase of the scheme, which should begin by the end of the year, will create up to 6,000 jobs during the construction phase, Mr Christopher Thomas, chairman of Bristol
Development Corporation.

Development Corporation, said.

The corporation, a government appointed quango, said it would not bestiate to use its compulsory purchase powers to hurry along the scheme, which will take up to 10 years to complete. The private sector will be expected to play a leading role in the provision of capital towards the project. Development Corporation.

Loss for tour operators

A THIRD of the UK's leading tour operators made a loss last year, according to figures released yesterday by the Civil Aviation Authority. The CAA said 11 of the 30 largest tour companies made losses totalling about £34.1m while the other 19 made profits of £34.1m. Altogether, the 30 made a £76,000 loss last year on turnover of £3.05bn (£3bn) compared with a profit of £15.5m in 1988.

MPs to hear of plans for Ulster

Mr Peter Brooke, Northern Ireland Secretary, will today tell MPs about his plans for starting round-table talks on the province's political future - but without having won final approval from the Irish

Mr Brooke spent yesterday in last-minute discussions with Northern Ireland's political leaders about the form of his Commons' statement which follows six months of "talks about talks."

However, it has become clear that hopes of Mr Brooke being in a position to outline concrete proposals for formal negotiations in the autumn



Peter Brooke: to reveal plans

have been raised too high.

N Ireland power profit

Northern Ireland Electricity, the state-owned utility, yesterday announced a record profit of £64.1m, alightly higher than last year's level, in spite of a sharp increase in the price of heavy fuel oil and a weaker pound. NIE has moved over the past decade from being heavily dependent on Government subsidy to being self-sufficient.

Pop degree

A college in northern England is launching the world's first degree in pop music but warned students the course

would be as hard as any.
"This will be a demanding academic course of great rigour," said Mr Keith Wilson, head of performing arts at Salford College of Technology.

British Rail in the red

British Rail announced its results for the year to March 1990 showing that its ordinary operations had plunged into the red for the first time in

five years. The previous year's operating surplus of £107m turned into an operating loss of £26.4m with BR laying the blame for the downturn squarely on last summer's industrial action by the rail

Property profits

- particularly from the
Broadgate and Lugate Circus developments in London
— enabled it to show an overall surplus for the year of £269.8m, but this figure represented an 11 per cent decline from the previous year's £304.3m. The last time BR made an

operating loss was in the 15 months to March 1985 when the effects of the coal strike left its ordinary operations £331.6m in the red. BR said in the year just nided, the net cost of the eight

Reform call in education

rail strikes had been £73m.

Britain must overhanl its post-16 education system, abandoning the segregation of pupils at 16 into vocational left-of-centre think tank urges

in a report published today.

The Institute for Public

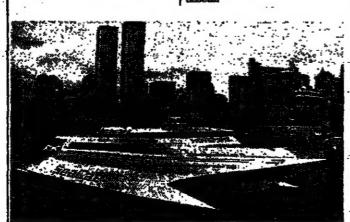
Policy Research also calls for post-16 employment to be ade less attractive, with employers encouraged to recruit at 18 rather than 16, and required to release all 16-to-18-year-old employees for part-time training.

It further calls for the Departments of Employment and of Education and Science and or saucation and Science to merge into a Department of Education and Training to help close the gap between academic and vocational study.

Merger activity remains cool

Merger activity in the UK has cooled in 1968 and 1969, but a higher proportion of proposed mergers have been referred to the Monopolies and Mergers Commission, according to the annual report of the Office of Fair Trading,

published yesterday.
In 1989, 221 proposed
mergers fell within the scope
of the Fair Trading Act
covering assets with a value
of 296.1bn. This is down from
306 and £98.9bn in 1988 and from 313 and £123.3bn in 1986, the peak year in terms of



The Seacet, winner of the Blue Riband for her record Atlantic run last month is due to make her maiden Channel crossing on July 12.

The catamaran which made the fastest crossing of the Atlantic will start a cross-Channel service next week even though it still has no safety certificate, its owners said today.

Hoverspeed, the cross Channel company which operates the world's largest commercial hovercraft, has been discussing the SeaCat with the Department of Transport and a company spokesman said: "Whatever we have to do to the craft to achieve all their necessary requirements we shall do."

The SeaCat, capable of carrying 450 passengers and 50 cars, will run between Portsmouth and Cherbourg, France, drastically cutting travelling times.

cutting travelling times.

The Hoverspeed spokesman said: "We fully expect to have the

certificate to operate on July 12. "This is a new craft for us and a new one for the Department of Transport and we are holding discussions about the granting of a passenger certificate."

Walters set to rekindle the EMS affair

SIR ALAN WALTERS, the US economist who acted as an adviser to Mrs Margaret adviser to Mrs margaret.
Thatcher, appears set on rekindling the political controversy over the European Monstary System which led to Mr Nigel Lawson's resignation last year as Chancellor of the Exchequer.

Whitehall officials are volcing concern that Sir Alan's forthcoming book on his experiences in British policymaking could upset the delicate accord within the Government on full British membership of the

published on July 26th - has persuaded the officials that Sir Alsm is ready to re-open the political wounds left by Mr Lawson's departure.

Lawson's onparture.
Sir Alam remains a vehement
critic of attempts to peg
anchange rates and has consisexchange rates and has contently opposed sterling's partic-loation in what he terms the "half-baked" EMS exchange rate mechanism. That stance is reflected in the book's provocative title: "Sterling in Danger: The Economic Comsequences of Fixed Exchange rates". Last month he previewed

some of the book's arguments The advance publicity sur-rounding the book - due to be National Review, a US aca-

demic journal, in which he argued that attempts by Governments to co-ordinate exchange rates inevitably resulted in higher inflation.

May Thetaber her assured

Mrs Thatcher has assured her colleagues that although Sir Alan is still a regular visi-tor to Downing Street, she will not allow him to persuade her to reinstate her veto on a deci-sion to take the pound into the

Mr John Major, the Chancel-lor, has won her, albeit reluc-tant, approval to join the ERM in the next few months and senior ministers believe that it is now almost certain that ster-ling will be locked in by September or October.
The Cabinet Office has also

carefully vetted Sir Alan's book to ensure that it does not reveal any of the confidential discussions which took place during his time in Downing

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Sid Sinson

Street The book's co-sponsors - the Institute of Economic Affairs insist that it is a serious work of economics designed to focus on the intellectual arguments surrounding exchange rate

Sir Alan is nonetheless being criticised at Westminster for what one minister termed deliberate political mischief-

Business still cautious of Labour

By Charles Leadbeater, Industrial Editor

THE opposition Labour Party's campaign to present a more responsible image to business has been partially successful, according to a survey of executives which found that most thought Labour had left behind many of the policies of the

However the survey of more than a hundred executives found that about 60 per cent expected the business environment would worsen under a Labour government, with 30 per cent expecting the effects to be neutral and 10 per cent expecting the climate to

The report, based on interviews with managers in manufacturing, financial services, construction, retailing and business services companies, says that as a result of the Labour campaign the Conser-vatives can no longer rely on fear of a Labour government to rally business support.

Yet most executives criticised Labour policies for being too vague, warning that increased uncertainty would be the main drawback of a Labour administration.

Most admitted that they

based their assessment of Labour on their experience of the 1970s. The survey, by the Coha consultancy group, is one of the first to explore in detail busi-ness views of a future Labour

Some of industry's tradi-tional concerns about the impact of a Labour government have been allayed. Only a minority of industrialists thought Labour would strengthen the trade unions and lead to increased conflict

in industrial relations. Most expected wage inflation to be higher and all companies rejected the European Social Charter, which Labour supHowever, the end of the era of enterprise culture would have a considerable impact on management motivation. Higher taxes and a perceived restriction on entrepreneurial opportunities could make it more difficult to keep talented managers in the UK, senior

zecutives said. Executives at manufacturing companies fear that middle managers would be less pre-pared to implement difficult

Business would largely ignore the micro-economic measures Labour has proposed to improve industrial competi-tiveness such as incentives to promote training, research and development and capital investment.

Companies said they would largely ignore regional investment incentives, while Labour's proposal to strengthen the role of the Department of Trade and Industry was dismissed as just another layer of bureaucracy. Industrial companies were impressed by Labour's commitment to the European Commu-nity and to increasing investment in education, training and the transport infrastruc-

Small companies were perticularly concerned about the costs of more regulatory con-trols under Labour, atthough lawyers and accountants expected their services would be more in demand to help

companies cope.

Executives in the financial services sector believed they would benefit from increased volatility in financial markets, although their income would be hit by the end of the privatisation and fewer large mergers. sation and fewer large mergers and acquisitions.

Companies in the construction and retail sectors thought the effects on their businesses would be minimal.

Warning over power prices after privatisation

By David Thomas, Resources Editor

NATIONAL POWER and PowerGen, the two generating companies heading for privati-sation in England and Wales, will force up electricity prices by manipulating the new elec-tricity market, a leading independent generator forecast yesterday.

This prediction was made by Mr Michael Cornish, chief executive of Thames Power, in a gloomy review of the prospects

for independent generators at a conference in London on the industry's privatisation. Mr John Wakeham, Energy Secretary, told the conference on Tuesday that he was consid-

ering applications for 23 new power generating projects. However, independent generators told the conference yesterday that most of the pro-jects so far mooted would collapse. "So many of them

seem to disappear like tha morning mist," said Mr Cor-nish of Thames Power. Thames Power is a consortium consisting of BICC,

Schroder, CU Power of Canada and Hydro Electric of Scotland, which is planning to build a 2500m, 1,000 megawatt gasfired station at Barking Reach on the Thames in London. Mr Cornish argued that National Power and PowerGen

were creating a situation which would make it difficult for independent generators to compete. "We should have no illusions about their power and their ability to manipulate the market," he said.

Mr Cornish forecast that the

generators would scrap 5,000 5,000 MW of old power stations after privatication, which would force up the price of

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Export Credits Guarantee Department

UK industry alarmed at changes in export support

BRITISH COMPANIES WILL suffer a serious loss of business to their overseas competition if the Export Credits Guarantee Department is forced to intro-duce sharply increased premi-ums and tighter cover limits for insuring exports of capital goods, a group of leading exporters warned yesterday.

The Treasury was seeking to impose over-restrictive trading

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conditions on ECGD in an effort to prevent a recurrence of the losses it sustained as a result of the debt crisis, the group, known as Major British Exporters (MBE), told the Commons Trade and Industry Com-

But the effect would be to undermine its ability to support exports. The more attractive terms offered by foreign export credit agencies would mean that business would drift offshore, and even British com-panies would channel orders through their foreign subsid-

"If you start to charge pre-mium rates which ensure that you never had a loss, we could be utterly and completely out of business," said MRE Chair-man, Mr Alan Gormly, who is also Managing Director of John

Already the premiums charged by ECGD were higher than those of continental export credit agencies by a factor of two or more. Its risk exposure had improved over the past couple of years and premium increases were only needed to keep pace with infla-

ECGD has been planning to introduce a new system for cal-culating premiums which is designed to match them more closely to the risk being cov-

It has also alarmed exporters by warning that the availabil-ity of cover could be restricted in markets where it is heavily exposed. These include South Africa, the Soviet Union and China where premium rates were increased by 25 per cent last month.

However, despite being repeatedly urged to do so by the Committee, the exporters failed to identify any particular Treasury Minister or official as being behind a move to undermine the ECGD.

Asked to comment yesterday a Treasury spokesman recalled earlier government statements to the effect that ECGD sup-port for exports would con-tinue but that attempts would be made to reduce the cost of this to the taxpayer.

According to Mr John Lip-pitt, Exports Director of GEC which insures fibn worth of exports with ECGD each year, the Treasury was "totally wrong" to argue that the **ECGD** premium constitutes only a small part of the cost of projects undertaken by British companies abroad and could easily be absorbed.

"Very often the premium will be greater than the profit margin. Any increase will ren-der us uncompetitive," he said. Sir Gordon Borrie, Director General of the Office of Fair Trading, has claimed that increased competition between traders promotes consumers interests. At the same time, protecting consumer interests leads to greater competition.

His remarks were published in the OFT's annual report, out yesterday. "The basic aim of my competition work is to ensure that consumers are pro-vided with choices," he said. That of my consumer work is to ensure that consumers are able to make such choices to their own best advantage." The two functions supported each other, he continued.

group's main creditor said it Group International, the prihad not requested the receiver to be called in and it had not vately owned construction machinery manufacturer which went into receivership brought to an end discussions over a possible refinancing of last week, provoked renewed

the group. The Brown Group employs about 1,600 people mainly in four construction machinery businesses in the UK and Nor way, as well as a Capital Air-

at Leeds-Bradford airport.

Potential purchasers have made several inquiries about buying the airline, while it is understood that Komatsu, the Japanese construction machinery maker is considering buying the group's Moxy dumper truck plant in Norway.

Christiania denies prompting receivers at Brown Group

Moxy already makes Komatsu dumpertrucks under It had been suggested that Christiania Bank had triggered lines, a regional airline based

the Brown Group's collapse because it had not been pre-pared to extend loan facilities to the Yorkshire based group, even though the institutional shareholders had been prepared to put in more equity.

In a statement Christiania Bank said the Brown Group had first defaulted on loan agreements early this year after running into financial difficulties last Autumn.

put together a rescue package foundered last week because the group's directors, advisers and potential equity investors refused to make a financial commitment pending the raising of new equity.

Christiania Bank said the package was also supported by Standard Chartered, the Brown Group's other main banker.

Canadian developers lift veil on Canary Wharf

By David Lascelles

OLYMPIA & York, the reclusive Canadian developers recrusive Canadian developers of Canary Wharf in London's docklands, lifted the veil slightly on their most sensitive secrets yesterday: the terms on which they are signing up tenants for Europe's learner tenants for Europe's largest commercial office proj-

THE COLLAPSE of Brown

controversy yesterday when

the group's main banker denied it had prompted the

appointment of receivers, writes Charles Leadbetter,

Christiania Bank, the Norwe-

gian Bank, which is the

In a rare meeting with the Press, Mr Paul Reichmann, president of the property com-pany O&Y, said that about 2.4m square feet of the devel-opment now had committed tenants, though only 2.1m had so far been officially announced. This is just under a quarter of the project's total proposed 10.5m square feet, but more than half its first

phase of 4.3m square feet.
This meant the project was sufficiently advanced for O&Y to begin to seek institutional

funding, and talks had begun with potential lenders, Mr Reichmann said. Until now, work has been financed out of O&Y's own resources and Canadian bank credit lines.

Poor transport links remain one of the higgest obstacles for Canary Wharf. Mr Reichmann confirmed that O&Y will be making a phased contribution towards the cost of extending the Jubilee underground line to Docklands. This is believed to be about £400m of the proposed £1hm cost.

Generally, he said "very dra-matic changes are about to happen" on the transport front which would make Docklands much more attractive. These included improvements to

road and rail links. He claimed not to be disap pointed by the fact that no major UK institution has so

far signed up – the majority are existing American clients of O&Y – but he predicted: "The British are on the way". In later phases of the project, the majority of tenants would be British, he believed, and Canary Wharf would be not just a commercial office project but the core of a new busi-

ness community. Mr Reichmann said that tenancy contracts were being done on the following terms:

The majority were for rents of £30 a square foot, with some tenants being offered £27.

• Lease terms are for 25-30 years, and tenants are required to occupy their space for the whole period.

Tenants must commit them-selves to putting their "front office" operations in Canary Wharf along with their top executives. "Back office"

All the announced tenants

have binding agreements which commit them to taking up their space. The exception was Merrill Lynch which only signed a letter of intent, and pulled out last week.

Although O&Y is offering

"special incentives depending on needs", Mr Reichmann said no tenants had been offered "meaningful rent-free peri-· O&Y was not taking on ten-

ants' existing space in exchange, though it was work-ing with them to dispose of

Mr Reichmann declined to discuss tenancy terms in detail because he said these were confidential between the company and its clients. But he med keen to dispel some of

operations only are not the wilder rumours which have filled the vacuum left by the absence of hard facts. These suggested that O&Y was charging as little as £15 a square foot, with rent-free periods lasting several years, and sweeteners thrown in. Analysts were sceptical

about the figures yesterday, saying that they seemed rather high. One commented that the "special incentives" could include unfront payments by O&Y to future tenants which would substantially reduce their effective rents.

If tenants are paying around 230 a square foot, that is about two thirds of the going rate for quality office space in the art of the City of London. Canary Wharf, in London's derelict docklands, is about two and a half miles from the centre of the City.

UK 'lagging' behind France and Germany in living standards

By Rachel Johnson

PRODUCTIVITY in the economy has risen since 1979 but "very large gains" need to be made if the UK is to achieve higher growth rates in the 1990s than in the previous decade, the National Economic Development Council agreed

vesterday.

The UK was now in an economic "pause", according to the council, which was chaired by Mr John Major, the Chan-

The council adopted a report on investment, capacity and growth, written by the Mr Wal-ter Eltis, chairman of the

productivity had risen by 50 per cent since 1979. This had enabled real wages to rise by 30 per cent during the 1980s

Although output in the whole economy had grown continnously since 1981, there was likely to be a pause this year, during which wages would grow faster than company revennes. This would squeeze profits and disrupt inves ans. The pause was "abso-tely necessary" while excessive inflation was squeezed from the economy to converge more to the European average of around 3 per cent.

It is unfortunate that there should be a pause when the task of raising British produc-tivity and output per worker to European standards is only half completed," says the

Indicators of real living standards, such as car ownership; consumption of steel, meet and electricity, and the availability of telephones and televisions in the home were all significantly higher elsewhere in Europe, he

Mr Eltis was optimistic that the pause would be brief and allow the UK to achieve aboveaverage growth in the 1990s as

It noted that a growing por-tion of UK investment was financed from overseas. The current low personal savings ratio would result in foreign portfolio holders and foreign-owned companies eventually controlling larger amounts of UK capital stock.

The UK's holdings of net verseas assets peaked in 1986 and had since declined by one In 1989, acquisitions of UK companies from Europe

exceeded acquisition of European companies.

Furthermore, what saving there was tended to be concen-trated not in productive industrial and commercial assets, but "concrete gold" - housing.

City urged to make equity market more accessible

Mr John Major, the UK Chancellor of the Exchequer, presented a detailed paper on broader share ownership to the National Economic Development Council's meeting yes-terday, which he chaired.

The Treasury called on the private sector to sharpen its

marketing skills as the "key to entrenching the shareholding habit." This would require National Economic Develop—extending public awareness ment Office, which said the UK—from the primary market's pri-was lagging a decade behind—vatisation issues to the second-france and Germany in terms—ary market's trading and deal-

of living standards and content ing of fissed shares per employes.

The manufacturing sector was an exception to the ganeral picture. Despite only slight investment in manufacturing, the rate of growth had been a "considerable success" and such as abolishing stamp duty

Brokers had carved themeives a niche out of the public interest in privatisations, but had failed to achieve a mass market, the Tressury said. The Government had m to create a "level playing field." Now stockbrokers should build on its achievements to create a mass retail business in the secondary market. Recent surveys have revealed a widespread igno-rance about how to buy and sell shares, including among shareholders. Many have bought in privatisations and have no idea how the stock narket works.

create a better market for individuals. A review of the procedure for issuing shares earlier this year concluded that there was little that could be done to get more shares into the hands of private

second-tier stock market, which could have provided better buying and selling prices for small investors.

to the private sector won sup-port from both the Confedera-tion of British Industry and share ownership.

By Rachel Johnson and Richard Waters

THE TREASURY yesterday challenged City stockbrokers to lower costs and make the equity market more accessible to small investors.

The latest study, undertaken y the International Stock schange and the Association of Investment Trust Companies, also found that most people distrust stockbrokers. thinking of them either as "arrogant, upper-crust, old-E-tonian types" or "youthful wheeler dealers...in the model of an estate agent."

The Exchange has done little

ivesiors. Another discouraging step

The Government's challenge

the more unlikely quarter of the Trades Union Congress. Mr the Trades Union Congress. Mr Norman Willis, the TUC's general secretary, declared himself_a convert - but a "not insceptical one" - to wider

The TUC said that most ownership of recent years was accounted for by privatisation

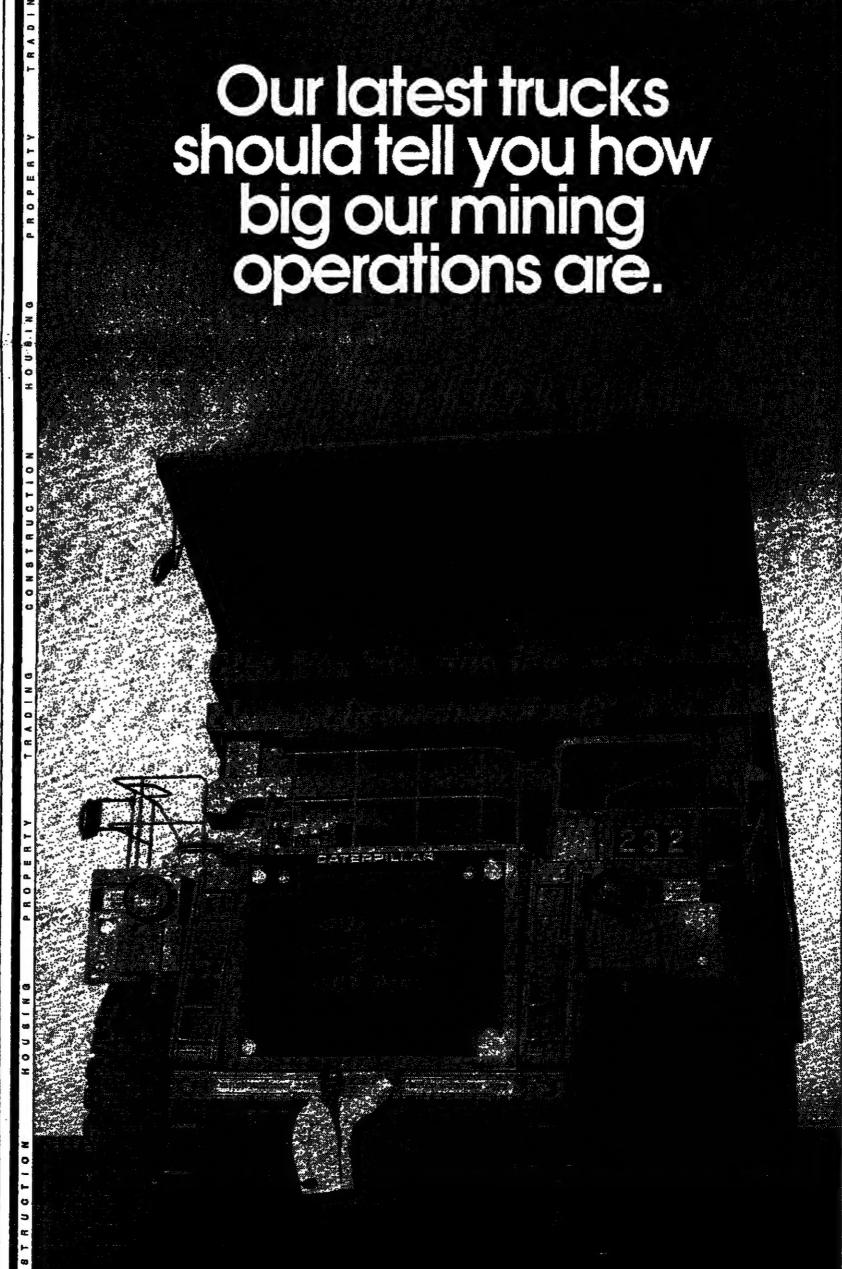
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The protection of the environment is vitally impor-tant. But we must ensure that enthusiastic new moves with this aim are well thought out. The EC draft Waste Damage Directive in one important

respect is not.
It provides for the protection of people affected by pollution of water, soil or air and for compensation in the event of damage to health or to prop-erty. It creates civil liability when in most cases none exists under our law at present. This is strict liability, created irrespective of fault on the part of the "producer" of the waste, which according to the draft directive means virtually any-thing foreign to the land, air or water in question which has a harmful effect on property or on health, provided only that it has been generated in the course of an occupational activity.

The "producer of waste" is any natural or legal person whose activities cause it or whose operations mix other products which then damage the environment. So it is not only chemical manufacturers who are likely to be liable, but also any individual who causes significant and/or persistent interference with the environ-

What will be considered to be significant and persistent remains to be seen, but it is clear that actual damage to property is not an essential

property is not an essential ingredient to the establishment of civil liability.

In respect of this a plaintiff may take legal action to obtain a court order, prohibiting the action in question, reimbursement for action taken to prevent the damage, indemnification for damage suffered and tion for damage suffered and for "the restoration of the environment....or the reimbursement of expenditure incurred...to this end."

Companies which actually cause the damage may evoke little sympathy, although liability without fault is rarely

The real concern is the definition of the "producer of waste" which extends far beyond the actual miscreant in question, since it includes the person "who had control of the waste when damage occurred" unless he is able to identify the real producer, which will often be impossible.

A bank taking security over land and then enforcing its security by going into posses-sion could easily find itself a "deemed producer" of waste already on the land and of which the bank had no knowledge at all.

A serious case of contamination caused by toxic waste, particularly if a river or stream ran through the land, might require large expenditure to put right. The value of the bank's security could be much diminished or exceeded by the cost of rectification so that the draft directive, once it becomes part of Community law, would represent a new and dangerous hazard to lenders.

Banks will need to make new and, perhaps far-reaching enquiries before lending money secured by a charge over land. In the end it is likely that the customer will pay for

Lenders in this country are subject to no system of liability for environmental waste at present, and justice does not require that they should be ss there is a real connection with causing or confirm-ing the waste. They should be excluded in a similar way to banks in the US.

During the past 20 years environmental concern has been the cause of several federal and state legislative moves, in particular the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CER-CLA). This provides for cleaning up areas of existing contamination and requiring payment from those responsi-ble. These may include lenders. There has been a lasting effect on lending practices as well as

financial liability as a result.

CERCLA fixes liability on

"owners or operators of a hazardous waste facility". There is
an exclusion clause for a person who "without participating in the management of a fa-cility, holds indicia of ownership primarily to protect his security interest in the facil-

At first sight this seems to exonerate the bank taking a charge over land. American case law shows, however, that a bank which enters into possion of land even if only for the purposes of a sale may be held to be an "owner". In addition any exercise of control over the land carries the hazand that the bank may become an "operator" and so liable for cleaning up the waste on it. If the bank falls to cleanse within a reasonable time of being required so to do, the state

may do the cleansing and charge the bank for the cost. If the EC draft directive is implemented without amendment the danger to lenders within the Community is that they will need to assure themselves that land offered as security has no waste on it. If it has, the value of the land will be less and the dangers, if the lender wishes to enforce his security, will be consider-

If, for instance, money is lent

for a property development which gets into difficulties, the The draft directive is near finality. Member states must lender might wish to take pos-session and complete the develimplement it by January 1 1991. If anything is to be done opment as the best, perhaps it must be soon and so far it only, way of selling advanta-geously and recouping his money. There is little doubt that he would be exercising actual control over the land appears that no alarm bells have been ringing in the head offices of those most con-cerned. Urgent lobbying of our own Department of the Environment and the Department of Trade and Industry provid-ing details of the litigation and and so become liable for any waste on it as a deemed proexperience in the US would be Under article 5 of the direc-

tive if there are two or more producers of waste, as defined, a start Similar approaches to the officials of the European Commission should be made. It is each is liable jointly and sever-ally. So if it could be said that a lender has been responsible basically unfair. But of course for only a small amount, his liability could be for the whole. Take the case of the mort-gages of an oil tanker which those who will suffer most obviously are the banks and a common thought is that "the banks can afford it". has, unknown to him, just leaked a substantial amount of To be realistic one needs to

go on and consider that if nothoil. Perhaps a very slight leak persisted when the mortgagee, exercising his rights, directed the Captain to make for port. This could saddle him will full ing is done the strong likeli-hood is that the real sufferers will be the public. Those who wish to borrow offering land as security, would find that it is harder and more expensive to do so since the banks would, of liability when he could have the draft directive should not be amended so as to include the exemption clause in favour course, pass on the extra expense to their customers. If this is to be avoided something must be done very soon to give of holders of security, similar to that in CERCLA but drafted warning of the US experience in Bruss so as to exclude the ambiguities which have been the

The author was Chief Legal Adviser to Lloyds Bank until this year when he returned to practise at the Bar.

APPOINTMENTS

Changes at BZW

■ Mr Oliver Stocken has been appointed chief operations officer of BARCLAYS DE ZOETE WEDD in succession to Mr Gerald Dennis who is retiring. A subsidiary, Barciays de Zoete Wedd Ltd, has promoted the following directors to managing directors in the corporate finance division: Mr Richard Crick, Mr Richard Ramsay, Mr Jeremy Seddon and Mr John Standen. Mr John Hunt has joined the division as a managing director. He was a managing director of Merrill Lynch capital markets. Mr Martin Weyer becomes chief operations officer in the division, and Mr David Simpson, Ms Isbbel Macpherson, Mr Christopher Elliott and Mr Michael McGhee have been appointed directors. Mr Michael Peterson has been made a managing director, banking division, and Ms Linda King becomes a

Mr Tony Nunn has been elected chairman of THE SALVAGE ASSOCIATION. hull committee of the International Union of Marine

R. WATSON & SONS, Reigate, consulting actuaries, has appointed as partners Mr Richard Bulmer, Mr John Burns, Mr Shahid Chowdhury, Mr Colin Crouch, Ms Jadith Dingle, Ms Joanne Goulding, Mr Graham Mitchell, Mr David Jorris and Mr Stephen Rees.

TAKARE has appointed Mr Hamilton D. Anstead as finance director. He was with Price Waterhouse.

OPTICAL AND MEDICAL INTERNATIONAL has as managing director, design technology division. He joins from British Aerospace.

Mr Michael Denny, executive chairman of Northern Venture Manager has been elected chairman of the BRITISH VENTURE CAPITAL ASSOCIATION.

■ Mr Jim Marriman has been appointed managing director of ACTIVE BOOK CO. Cambridge. He was chief operating officer and deputy managing director, Acom Computers, working with Olivetti's systems and networks division.

■ INTERCONNECTION SYSTEMS, Newcastle, has appointed Mr John Benjamin as deputy managing director. He was with Amstrad.

Carr Kitcat & Aftken, (formed following the purchase of the name Kitcat & Aitken from Royal Bank of Canada by W.L. Carr Group, part of Banque Indosuez), has appointed as co-chairmen Mr David Starling, executive director of W.L. Carr (UK), and

Mr Peter Nuttall, former Senior partner and managing director of Kitcat & Aitken. The new company has also been joined by 24 senior salesmen, analysts and dealers from Kitcat & Aitken. Mr Alan Andrews has been appointed managing director of Le Masurier, James & Chinn, stockbrokers, Jersey, a subsidiary of W.L. Carr (UK): Mr Anthony Hilton become executive director responsible for servicing private and institutional clients.

■ Mr Stanislas Yassukovich; chairman of The Securities Association, and of Flextech has been appointed a non-executive director of HENDERSON ADMINISTRATION. He also becomes adviser to the international division. Henderson Pension Fund Management has appointed as directors Mr James Robinson, head, Far East investment team, and Mr Guy Hayes, a UK pension fund

Mr Denis Robson has been appointed executive sales director at UCB GROUP. He was regional sales director in

 Mr John Reisman has joined the board of CANDOVER.

INVESTMENTS as a non-executive director. He is deputy chairman of British



Mr François de Bancon (pictured) has been appointed senior managing director of BANQUE PARIBAS in London succeeding Mr Pierre de Longuemar. Mr Dominique Bazin becomes managing director. Mr de Rancourt, an executive vice president of the bank, was general manager of the Ottoman Bank in Istanbul, an affiliate of the Parlbas

■ Mr John Titley has joined the board of THE BROCK METAL CO, Cannock, a division of Benjamin Priest (Mig.). He runs the foundry support service.

Mr Paul Baxter, formerly group bramis manager of BRITISH AIRWAYS, has been appointed managing director of a new BA subsidiary, Speedwing Training, formed to market expertise in management and customer service. He was responsible for developing BA's Club More appointments page 48



Fertilizantes Mexicanos, S.A.

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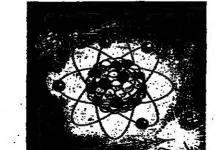
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A.F.

interested elegible bidders may obtain further information from and inspirit the bidding documents at the office of "Fertilizanies Missicanos, S.A.", situed on 513, 2nd. floor Luz Savitión St. del Valle Sect., Mexico City, C.P. 03100 at the management of purchases, Teles 0177138, Fax, (5) 687-40-85. The bidding documents may be purchased by any interested elegible bidder from 03-July-1990, until two days before the detect by bids reception. The cost for each set of bidding documents will be \$100,00 U.S. (One-Hundred U.S. Dotes) and this payment will not be retundable. All bids must be accompanied by a guarantee with is indicated in the bidding documents, in order to protect "Fertilizantee Medicanos, S.A.", against the possible unfulfillment by bidders.

C.P. SERGIO A. TEJADA RAMPEZ

Director of Administration



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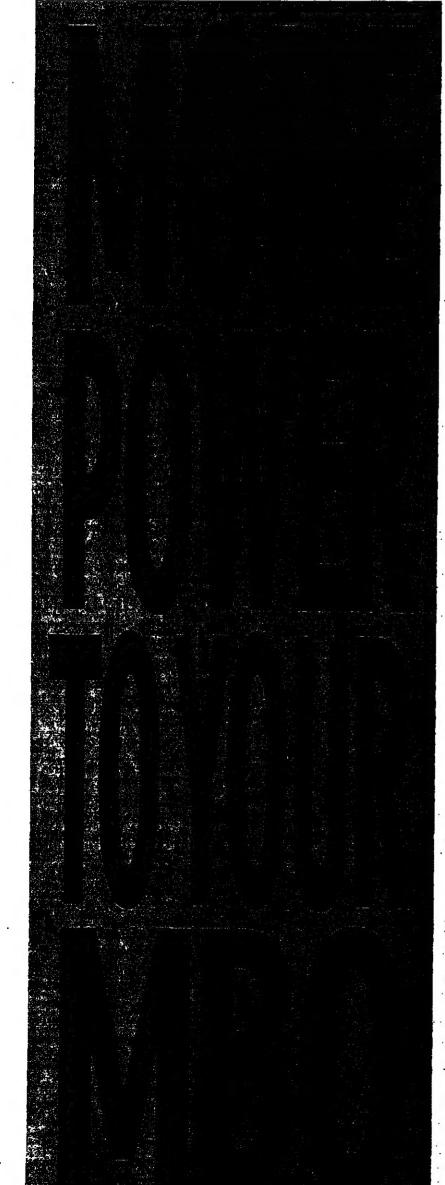
The Muslim Institute, London, has established an "Iran Earthquake Relief Fund". 100 per cent of all donations shall be spent on relief; no deductions shall be made for administrative costs or overheads. Donations can be made by:

sending cheques or postal orders, made payable to the Iran Earthquake Relief Fund, to Lloyds Bank pic, Park Lane, London W1Y 4BX; or

direct payment into the Fund's Lloyds Bank account, A/C No: 23-96-48 7135932.

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The state of the s







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For all our tomorrows.



Glenda Jackson in Philip Prowse's production of Brecht's 'Mother Courage.' Warmly reviewed on this page after its first performance at the Glasgow Citizens as part of Glasgow's Mayfest, it opened last night at the Mermaid Theatre

70, Girls, 70

Fred Ebb and John Kander is at its freshest expressing the shrugging resilience of little people brushing themselves down after a pratfall and deviations. His must be distributed by ing life must go, glumly but not entirely hopelessly, on. Their earliest hit, the pastiche Depression musical *Piora the Red Menace*, revealed them as the heirs of Dorothy Fields, the Broadway librettist and lyricist who hymned the sturdy gump-tion of working girls and wry men, down but not out. Even the glossy exoticism of Caba-ret, Kander and Ebb's biggest success, is secondary to the dreams and aspirations of its striving and not always con-quering characters.

It's easy to see why a very British West End comedy should have inspired them to this 1971 musical. The story of amiably dotty geriatrics forming a shoplifting gang is heav-en-sent for the team's specialities: wistful aspirations, unsentimental pluck, unwavering individualism. Peter Coke's Breath of Spring has naturally been Americanised. The resi-dents of the Sussex Arms, a hotel for "actors in the teatime of their careers," turn to crime first to get that "boom-di-di-boom" of the heart which first nights used to provide, then to raise funds to save their Moving spirit is Ida, who has countless changes of costume, a star entrance and a final post-mortem appearance ("Yes, I died," she chirpily explains to

moon.
Ida is played by Dora Bryan, astonishingly ageless, shapely of leg and penetrating of voice—with a sprechyesang technique perhaps better suited to Pierrot Lunaire than "Go Visit Your Grandmother." I for one am not complaining. She

the audience) on a crescent

The words and music team of the face of life's insolent and quite unreasonable setbacks, pop-eyed surprise when her considerable high-kicks suc-ceed (always) and beady-eyed caution in her disclaiming side-

ways glance at us as she essays the splits (successfully). The songs rely a little too much on those trudging ostin-ati with which Kander and Ebb express cautious, clear-eyed hope that tomorrow may be better, that very American mixture of the blase and the mixture of the blase and the idealistic summed up in their "New York, New York" for Liza Minnelli; though at least one number, "Coffee in a Cardboard Cup," a litany of urban angst belted out by two exhausted waitresses, is almost a standard (beautifully done here by Sheswae Powell and

here by Sherwae Powell and Busier Skeggs).

More seriously, Paul Kerry-son's finely-drilled production ahows up the gap between the American and British comic traditions. At least one set piece cries out for the transatlantic vaudeville spirit: when the conscience-stricken old dears try to return a stolen coat without the shop-owner realising it, the slapstick demands an American funny lady in the Nora Bayes/Fanny Brice mould. Here, despite the cast's best efforts, it falls flat. The men are better at it than the women, especially Len Howe. Tremendous energy from the whole company – soft-shoe shuffling, tapping, banjo-playing, roller-skating. Jo Stewart leads the five admirable musicians. But the tone is unfocused, uncertain where the self-parody lies — we could do with more of Pip Hinton and Brian Greens, the elderly love interest, putting their fin-ger on all our surmises about their sex life in that knowing duet "Do We?"

Martin Hoyle mad old world.

CINEMA

A dig at feminist dogmas

film critics, being only human, have days when they stare at a blank piece of paper or empty computer screen, hoping it will speak to them. Take today. Should we begin with Joe Volcano, a movie all style and no content? movie all style and no content? Or with Reunion, all content and no style? Or with Tie Me Up! Tie Me Down!, in which hits of content and bits of style fly around in mid-air, gibbering, like birds in a grouse

shoot?

Let us start with style. It is summer, Wimbledon is banging away and birdsong, of the non-grouse variety, is all about us. In the Spielberg-produced comic famiasy Joe Versus The Volcano, Tom Hanks is a New York factors, worker given six York factory worker given six months to live. "Terminal brain cloud" diagnoses dungeon-voiced Dr Robert Stack. So off goes Hanks to a South Sea island, via Los Angeles, with the aim of throwing himself into a volcano.

"Why?" you ask, pertinently. The reason for the proposed self-sacrifice is that it will appease the local lava gods and prevent the mountain from blowing its top. Hanks has been asked to volunteer by mildeen asked to volunteer by milionaire Lloyd Bridges, who has a mineral interest in the isle and who writes Hanks a blank cheque for expenses and enjoyments en route. The expenses include champagne

expenses include champagne and travelling trunks. The enjoyments include Meg Ryan of When Harry Met Sally.

Playing three different roles, Miss Ryan is a scene-seizing joy in each. Her L.A. redhead especially, sounding like Katharine Hepburn on stimulants, lifts this shaggy-dog film by the scruff of the neck and shakes it until its eyes pop. Something certainly needed to. Writer-director John Patrick Writer-director John Patrick Writer-director John Patrick Shanley (Moonstruck) has com-posed a rambling, picaresque movie with a single, back-of-the-envelope unifying idea: "Innocent hero is assaulted by extraordinary events and gig-gies or goggles accordingly." In ahort: smile, you're on Candide

JOE VERSUS THE VOLCANO Patrick Shanley

> REUNION Jerry Schatzberg

TIE ME UP! TIE ME DOWN! Pedro Almodovar

> MOON 44 Roland Emmerich

LISTEN TO ME **Douglas Day Stewart**

Unfortunately, Mr Shanley is no Voltaire. Nor, though he tries to be in the space of a

tries to be in the space of a 100-minute film, is he Fritz Lang (Metropolis-style factory), Georges Melies (smiling moons and fantasy islands) or Federico Fellini (polythene river and glittering New York backdrops). The movie staggers from one eye-catching, inconsequential vignette to the next, like a opium addict on a den crawl. By the time our hero reaches immolation island, we are thinking, "Oh do throw are thinking, "Oh do throw yourself in, Mr Hanks, and let us have no more ado." What the film is about

remains elusive. Is it an allegory of self-fulfilment? A fable of human gullibility? We are never sure. Nor, we darkly suspect, is Mr Shanley.

One still warms to this film more than to present a school of the still warms to this film. more than to *Reunion*, a sober period piece on the rise of Nazism. Why? Because it takes a brave director to paint the inside of his mind and put it up on screen in all its (possibly incoherent) poetry. Someone in a transport of phrasemaking once called cinema a window on the world. But windows look inward as well as out-ward. And there is often less excitement in a view of the street, where hundrum life dictates the picture, than in a view into a shop window or someone's home. In these

places personal artifice sits, bizarre, colourful, Sphinz-like, daring us to judgment.

Reunion, directed by Jerry
Schatzberg (Scarecrow) and
scripted by Harold Pinter from
a novel by Fred Uhlman, is
filmed in a demure mono-

chrome that matches its street-watching soul. This is net-curtain movie-making. Framed by present-tense scenes in which German-American lawyer Jason Robards travels to Stuttgart on some ominous, unnamed mission ("I have to take care of this thing"), the movie peers out into the past in an extended, explanatory flashback to Robards's boyhood. Time: 1930s. Place: Germany.

Time: 1930s. Place: Germany. The young JR (Christien Anhoit) befriends a Jewish schoolmate (Samuel West). He comes to realise that the warmhearted, intellectually gifted boy, who reads freud and talks philosophy, is a target for heat-seeking missiles of anti-semitism. He sees these prejudices growing and thriving among his equals and ing among his equals and elders: in the girlfriend who elders: in the girlfriend who bubbles "Can't you feel the new spirit in Germany?" in the lectures of a Jew-hating his-tory professor, in the Jewish boy's own snobbish, anti-Zion-ist father. And he realises, though he cannot fight it, that it is all wrong

it is all Wrong. Oh dear, This is an earnest, conscientious film and in a wicked world how can we com-plain about it? The audience feels as if it is queueing up in a health-farm canteen, waiting to have its plate filled with spiri-tual nutrition. It may not be fun, but we know it is good for

But then is it? Judged as a movie rather than an intention, Reunion is not only dull, it is oddly cowardly. Its diestraight little fable never deviate into exercise. The semiates into surprise. Its sepia-toned visuals plink out pre-de-termined period sperçus, like notes on a parlour plano. And thanks to its flashback struc-ture, it is filled with that wisebeyond-contradiction historical hindsight that leaves the audi-

Ideological impertinence: Victoria Abril in "Tie Me Up! Tie Me Down!"

ence nothing to do but to nod in stultified consent. Is anyone going to say, "Them Nazi times weren't so had after all?"

We much prefer the sly farce and ideological impertinence of Pedro Almodovar's comedy Tie Pedro Almodovar's comedy Tie Me Up! Tie Me Doun! After male bonding in Nazi Germany, here is female bondage in post-Franco Spain. A beautiful porno movie-star (Victoria Abril) is kidnapped by a gentle maniac just released from a mental home (Antonio Banderas). She is held hostage by him in her apartment until she should fall in love with him. Can she so fall? Will she? But of course.

of course. From the director of Women From the director of Women
On The Verge Of A Nervous
Breakdown, here is a film that
has had feminists on the verge
of a nervous breakdown. A tale
of male aggression being
rewarded with love seems a
kamikaze notion in today's serual-political climate. But the film saves itself by its pokerfaced unseriousness. Spoofing itself as it unspools, this a post-modernist fairy tale. Shot in Almodovar's lollipop colours, it parades his customary outrageous characters — the butch lady biker who sell drugs, the lecherous wheelchair-bound film-maker (played by Bunuel veteran Francisco Rabal) – in a story that has a crazed tragicomic logic.

No, we cannot approve of Señor Banderas's behaviour Señor Banderas's behaviour (except that he seems a disturbed innocent rather than a wicked schemer). We cannot endorse his use of rope and dope to control his captiva (except that both he and she, after a while, seem to find it rather titillating). In short we cannot sit here and watch this seditious nonsense: except that we do.

we do.

The reason the movie packs such an exquisite punch is that it dares to surprise us. Where bad cinema (Reunion) parades a fake courage by attacking yesterday's discredited orthodoxies — it stands up to be counted long after everyone else has sat down — good cinema (Tie Me Up...) displays real courage by challenging today's orthodoxies. These orthodoxies, far from being distoday's orthodoxies. These orthodoxies, far from being discredited, are so strong they virtually gag dissent. Feminism may be 99 per cent right, one per cent wrong in its aims and beliefs. But until it is proved 100 per cent right, every artist has the right to poke at its dogmas with a sharp, red-hot

stick: even if cries of pain or outrage — or laughter — result.

Cries of pain and laughter may Cries of pain and laughter may accompany, for different reasons, screenings of Moon 44 and Listen To Me. The first directed by Roland Emmerich, is a certifiable sci-fi romp concerning dirty deeds on a mining planet. Troubleshooter Michael Pare goes to sort out Michael Pare goes to sort out some intergalactic hi-jackers and gets bogged down in B-movie dialogue, dotty co-stars (Malcolm McDowell, a robot) and Special FX from an Alien clearance sale. I most keenly identified with the young navigator who, impaled by falling debris in the grand action finale, mutters "Oh God, who needs this shit."

Listen To Me is little better. Can love flower in an American college debating team? Yes indeed. And jealousy, envy and other heartwarming things. Writer-director Douglas Day Stewart (An Officer And A Genstewart (Ar Opines And A Cen-tleman) hews a genteelly deranged tear-jerker some-where between "Dead Debaters Society" and "Honey, I Shrunk The Audience."

Nigel Andrews

Sunsets and Glories

WEST YORKSHIRE PLAYHOUSE

In a theatre of pygmies, starved of the wherewithal and increasingly the way, to con-front large themes with large structures, Peter Barnes is a colossus whose returns to the stage every three or four years serve as a salutory reminder that there is more to it than

two men and a dog.

With Sunsets and Glories, his first stage play since the 1985 award-winner Red Noses, he power and piety. His protago-nist is the 13th century hermit Peter di Morrone, briefly dragged down from his moun-tain top and installed as Pope by a college of cardinals stumped for a way around their internecine bickering. Morrone's predecessor, in an

opening scene that is vintage Barnes, is "a middling sort of man" who professes to have lost God when he gained St Peter's chair and who is unoeremoniously stomped by a huge celestial foot, the first of a battery of design extravagances offered by Fotini Dimou. humour, is straight out of Monty Python. Barnes' strength is his ability to entertain without trivialising his central theme, which is the possibility, or otherwise, of its conciliation with the bad old,

We first meet Freddie Jones' Morrone, a tubby, bewhiskered figure, looking less an ascetic than a department store Santa, draped Christilke from a cross in the wilderness. The surreal bumour continues as this ridiculous innocent is dragged down to earth and showered with blank papal mandates by a king and queen (Michael Mears and Geraldine Fitzger-ald, sublimely, caperingly unregal) and a collection of worldly divines, led by Jimmy Logan's whoring Gaetani, Morrone's successor as Pope.

However absurd these people are, and however absurd their are, and however absurd their power games (ranging from a farcical communal sleepwalk, courtesy of Macbeth, to a charade of angelic prompting by rival Archangels — one a queen, the other a common whore), Barnes is careful to dignify all his characters with consciences, if only to be ignored. Even Murray Melvin's tongueless manservant, buit of a running joke about maudibil-ity, is accorded his moments of wounded dignity; enough to remind one that mutilation was a political reality.

Stuart Burge's direction holds the play in an large embrace, a little loosely at times as the stage machinery is cranked up and down from the sprawling Quarry stage, but in tune with the



Freddie Jones

ever-changing register of Peter Barnes. It is a tribute to the stature of both play and production that by the end they can stand the damp-eyed, disconsolate figure of Freddie Jones in a pool of light in confidence that we will believe

him divine. The producers of Bernadette, that other, less felicitous recent hymn to saintliness, will tell you how miraculous an achievement

June 29-July 5

sculptures and 25 drawings. Ends

Claire Armitstead

Kirkby and Varcoe ST JOHN'S, SMITH SQUARE

The 20th anniversary series at St John's, Smith Square has comprised a mixed selection of events, including the odd celebrity appearance. The duo recital by Emma Kirkby and Stonber Versea on Treader. Stephen Varcos on Tuesday presumably sold on the strength of the soprano's

name, though it cannot be often that her followers find themselves trespassing as far from the singer's native terri-tory as the songs of Mozart and of late Schubert.

It proved to be an evening of very delicate sensibilities indeed. Instead of the modern grand piano that is still customary at song recitals, even though period instruments have invaded everywhere else, a fortepiano provided the accompaniments in the safe hands of Peter Seymour. The difference was extraordinary, for dynamics, colour, weight, every aspect of the singing, saddenly had to be tailored to

its tiny sound. So genteel was the atmo-sphere in the hall that when somebody in the row behind whispered cautiously, "It's all rather bland, isn't it?", the comment seemed enough to shatter the decorum of the whole evening, And yet there was a lot of truth in it: songs

appearances with the Song-makers' Almanac, scaled his voice right down for the occa-sion. In the first half he

addressed himself to the comic songs of Haydn and Mozart, very politely, without much rough-and-tumble. After the Beethoven, let alone the field interval more of the vivid personality we know he possesses started to come out in Schubert's "Philoktet" and "Orest auf Tauris," part of an imagi-native group featuring Greek tragic heroes. Emma Kirkby herself was on

fine vocal form, ravishing in Hayon's "Minns" and making a lovely, pure heroine in Schubert's "Iphigenia". But there are times when one doubts if she cares about the words or is even on speaking terms with the consonants Without a grip on the poetry the loftiness of Schubert's vision simply cannot be com-municated. If we are to scale down this music for period performance, must we also expect to reduce its greatness by the same margin?

ARTS GUIDE

EXHIBITIONS

The Royal Academy. The 222nd Summer Exhibition is the oldest established and largest open sub-mission exhibition in the world. It covers the broader centre ground of professional British art. Daily until August 19; spon-sored by the Dai-Ichi Kangyo

Bank. The Tate Gallery. On Classic Ground: a large exhibition devoted to French, Italian and The Royal Academy. Modern Masters from the Gelman Collec-tion: a self-explanatory exhibition of masterpieces of the 20th cen-tury. Until July 15; sponsored by Guinness.

Centre Georges Pompidou. Andy Warhol. Some 200 works retrace the career of the mulif-facethed artist who became one of the main representatives of American Pop Art and part of the Underground Culture scene. Beaubourg. Closed Tue, ends Sept 10 (42771233). Grand Palais. Joseph Wright 30 drawings sum up the career

into English art, Closed Tue, Wed late closing, ends July 23 (42895410). Galerie d'Art Saint Honoré. A Flemish 15th century retable.

Around a large-sized 15th cen-tury Adoration of the Magi

painted by an anonymous artist

northern realism with more than a dash of Italian mannerism, Monika Kruch assembled other works of religious inspiration. 267 Rue Saint Honoré (42601503), open Mon-Fri. Ends Sept 15. Bagatelle Chateau and Trianon. Vienna 1815-1848 – the Bieder-meier period. Vienna's museums meter person. Vienna's miserums have lent some 250 pieces of furniture, porcelain, paintings and objets d'art for an exhibition of the style which expressed the Austrian capital's changed mood after the turnoll of Napoleonic wars — the Biedermeier style.

Bois de Boulogne. Ends August 15 (45012010). 15 (45012010). Galerie Odermatt-Cazem. 19th and 20th Century Masters. Ends July 28 (42689258). Grand Palais. Pre-Columbian art in Mexico (1500BC — AD1521). Closed Tue, late closing Wed. Ends July 30 (42895410).

who combined to great effect

Fondation Pierre Gianadda.

Modigliani. Some 50 oils, as
many drawings and some sculptures form an important restrospective of the Italian-born artist pective of the Italian-born art living at the beginning of the century. Open all days. Ends Oct 28 (28/223978).

Brusseis Musée d'Ixelles. 71 Rue Jean Van Volsem. La Poetique des

van voisett. 12 Poetique des Peintres Italiens a l'Aube du XXe Siècie. Closed Monday. Fondation pour L'Architecture, 55 rue de L'Ermitage. Brussels, City of Architecture 1890-1858. Closed Monday. Hotel Communal de Schaerbeek. Peintres de la Lys: Belgian Expressionist painters. Closed Sunday; ends July 20.

Antwerp

Rembrandt Bugatti and Belgian Animal sculpture (1860-1930) closed Monday ends July 29. Hes-senhuls, 53 Falconrui.

Braccio di Carlo Magno in Plazza San Pietro: Michelangelo and the Sistine Chapel. This exhini-tion marks the end of a 10-year project by Vatican restorers on the celling of the Sistine Chapel, and carefully documents the tachniques used and the diffi-cuities encountered by the restorer. Ends July 10. Palazzo Venezia: Art for Popes Palazzo Venezia: Art for Popes and Princes of the 17th and 18th centuries. Over 70 large and exuberant canvases from the country seats of popes, cardinals and the Roman eristocracy in the area stretching south of Roma Galleria Nazionale d'Arte Mod-erna. Fabrido Clerici retrospective. Ends Sept 16.

Palazzo Vecchio. The age of Masaccio: tying in with the reopen-ing of the Brancacci chapel in the Church of the Carmine after a six-year restoration on the cycle of frescoes by Masaccio and Masolino, are 109 works by painters and sculptors who
worked in Florence in the golden
years between 1401 (the date of
Masaccio's birth) and 1440. Ends

Naples

Castel Sant'elmo. In the Shadow of Vesuvius: Naples through the eyes of European artists between 1400 and 1800.

exhibition, which marks the 5th centenary of the painters birth,

Galleria d'arte Moderna. Giorgio Morandi retrospective. Over 200 works lent by Italian and foreign museums celebrating the centenary of the painter's hirth. Ends Sept 2.

Städtische Kunsthalle, Molt-kestr. 9. Emile Bernard, a painter always in the shadow of Van Gogh and Gauguin is honoured with a retrospective of 170 early paintings. Ends August 5.

Villa Huegel 15. St Petersburg around 1800. With 555 pieces on loan from Lemingrad's state Her-mitage Museum, the exhibitions detail the developments of Rus-

Museo del Prado. Sanchez Coello (1531-1588). Some 50 paintings by this Spanish artist born in Valencia, predecessor of Velez-quez. Ends July 30. Fundacion Caja de Pensiones. Georg Baselitz. Exhibition of this German artist's 1980's production, including paintings, sculptures, lineauts, pastels and drawings. Ends July 15.

Burcalona

Fundacion Caja de Pensiones. Edwuard Ruscha retrospective. Palazzo Ducale, Titian, This Closed Mon. Ends July 15.

New York

New York Public Library. More than 125 documents of the Aboli-tionist Movement display the spirit and drive of the long effort to free the slaves. Ends Sept 15. Museum of Modern Art. The first retroppeding in America Museum of Modern Art. The first retrospective in America in 25 years marks the 80th birth-day of Francis Bacon with 60 works dating back to his figure studies of the 1940s. Metropolitan Museum of Art: The Russian Teste for French peinting, representing three cen-turies of Franch wasternians. turies of French masterpieces from the Hermitage and Pushkin Museums, covers Poussin to Matisse. Ends July 29 Museum of Modern Art. New York gets to see the internationally organised exhibit of Matisse's paintings and drawings from 1912 and 1913 during the critical period of his Moroccan stay. Ends Sept 4.

Washington

National Gallery. More than 90 prints by Edvard Munch show the Scandinavian artist at his most colourful and prolific. National Gallery. More than 10 media are included in the major show of 112 of Jasper Johns's drawings over 35 years. Ends July 29. Hirshhorn Museum. Paintings, drawings and sculptures from the Bay Area figurative move-ment of the 1950s and 1960s.

Chicago Historical Society. The Land of Lincoln does its most famous citizen prond in the exhi-hitton A House Divided. America in the Age of Lincoln. Art Institute. Monet's series paintings, including Haystacks, Poplars and Rouen Cathedral, all from the 1890s.

Tokyo

Chicago

Teien Museum. Perfume Bottles by René Lalique. Closed alternate Wednesdays, Tobacco and Salt Museum, Edo Period Publishing, Illustrated books from the period when Japan was closed to the outside world. Closed Mondays, Riccar Museum. Landscape Ukiyoe. Woodblock prints by Hoku-publishing who established the period and Hispathing who established. yoe. woomince prints by Hokin-sai and Hiroshige, who estab-lished a new indigenous landscape tradition in Japan in the early 19th century. Shoto Art Museum, Shibuya. Japonisme, Exhibition of over 150 prints by late 19th century artists such as Whistler, Pissurro, Toulouse-Lautrec and Manet, who were influenced and inspired by Japanese crafts and ukiyo-e woodblock prints.

The importance of offering National Museum of African Art. The national tour of artistic and religious objects, much of it sculpture, encompasses nine centuries of Yoruba civilisation. fresh goods to the market was well illustrated at both Sothenturies or Yoruce utvinces.
Ends Aug 26.
National Masseum of Women
in the Aris, The first major retrospective of the work of Dame
Elizabeth Frink includes 60

> hoping for between £2m and £3m for "The Hare in the For-est" by the 16th century Ger-man artist Hans Hoffmann. It was commissioned by the Emperor Rudolf II, who paid a helty 200 guilders for it in 1585. It is Hoffmann's only known oil of an animal and was uncovered in Yorkshire after years of oblivion in 1983 and sold at Sotheby's then for

£7.5m, with 28 per cent unsold. The London dealer Agnew paid 22.75m, at the low end of esti-mate, for "The Martyrdom of St Bartholomew" by the Spanish artist Ribera who domi-nated Neapolitan artistic cir-It, too, disappeared - into a Scottish home - for centuries and was unearthed by Sotheby's in 1983 who sold it then for £660,000.

Richard Fairman

SALEROOM

Stale goods fail to sell

eby's and Christie's yesterday when two basically successful auctions — of Old Master paintings and of clocks and watches — were sabotaged by the failure of the two most important lots to find buyers because they had recently been hawked around the trade. Sotheby's was ambitiously

£407,000. The new owner cleaned it up and tried to cash it in, but bidding tailed off at

fl.im. This apart the Old Master sale went well, totalling almost cles in the early 17th century.

A flower painting by Ambrosius Bosschaert the Younger

made an even quicker re-ap-pearance under the hammer. Two years ago it sold at Christie's New York for £305,556. Yesterday it managed £352,000. A rare early 15th century fresco by Perugino, in poor condition, made £341,000, and Hazlett Gooden Fox paid the same sum for "An Assembly of Birds" by Melchior de Hondeceter. Another London dealer, Johann Van Hasting dealer, Johann Van H

Johnny Van Haeften, paid £335,500 for a still life of hinds by Georg Flegel.

Christie's was offering four bracket clocks by the most famous name in English clock making. Thomas Tompion, who flourished at the end of the 17th century. One impor-tant example, in olivewood, was unsold at £125,000 because it was stale, but a ministure bracket clock with a metal case by Tompion went within estimate for £275,000 and two other Tompions sold for £198,000 and £77,000. The latter was from another clock from this source, another clock from this source, a grande sonnerie bracket clock by Daniel Delander, who learned his craft from Tompion, did well at 282,500. Early watches did well and a French watch in the shape of a tuily, made by Sermand in Paris around 1640, doubled its estimate at 23,000.

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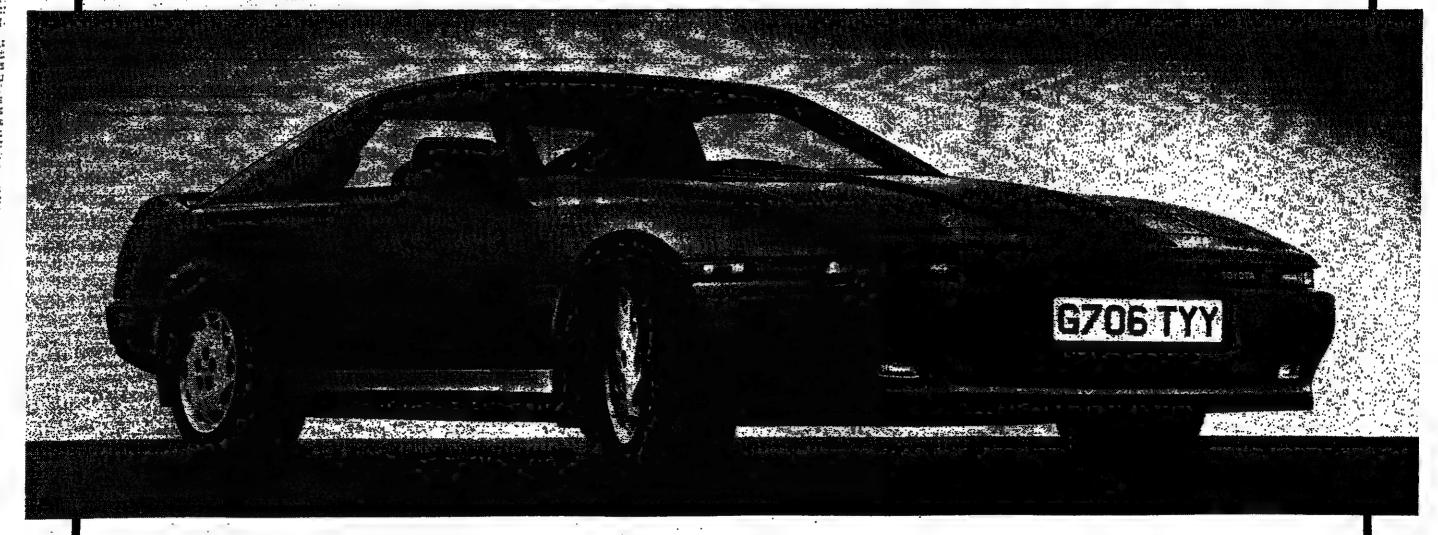
Christie's South Kensing-ton'stribal get another topped £1.lm, with an Austral Islands

necklace making £99,000. Antony Thorncroft



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Thursday July 5 1990

Nato's new mission

THE speed of events in eastern Europe since November last year has left governments and, particularly, military alliances too often lost for new policies. Nato, which has been no exception to the rule, has a chance to remedy this situation in London today and tomorrow when its leaders meet for what has been heralded as one of the most significant western summits in recent years. That ambitious description is justiwell as the creation of a permafied by the fact that the whole nent CSCE Secretarist and centres for arms control and the series of east-west negotiations on arms control, the external estilement of conflicts. aspects of German unification and the future European security framework, will be greatly influenced by the outcome of the Nato deliberations.

Members of Nato have always claimed that theirs is much more than a military alliance. Though forged more than 40 years ago to counter a growing Soviet military threat, the alliance has a specific political dimension which its War-saw Pact rival has always lacked. As clearly stated in its founding Treaty, it is an association of peoples determined to safeguard "the principles of democracy, individual liberty and the rule of law." But now that the Warsaw Pact is disintegrating as a military alliance and that the same democratic principles are being adopted in stern Europe and even the Soviet Union, the time is ripe for a fundamental review of Nato's role in the world.

Present trends

There are some who argue that both the western and eastern alliances should be completely subsumed in the new east-west framework, of which an institutionally strengthened Conference on Security and Co-operation in Europe (CSCE) would be the centre-piece. If present trends continue, that might well be a desirable long-term outcome. At this early stage, however, when the political altuation in the Soviet Union and Eastern Europe remains highly uncertain, it would be singularly Ill-advised for Nato to hasten its own demise. It is too easily forgot-ten that, apart from making an essential contribution to preventing major wars over the past 40 years, Nato has also been the principal instrument for linking the US politically and militarily with Europe. What the western leaders should strive to do at this point is to flesh out their embryonic ideas about how the new European security structure is going to function. So far, most of the proposals have come from eastern Europe, with East Germany, Poland and Czechoslovakia suggesting regular foreign ministers' meetings, as

Constant emphasis

A greater enthusiasm for the CSCE, instead of the constant sis in communiques that it would be no more than "complementary" to Nato and other institutions in the construction of a new Europe, should be an essential element of the assurances Moscow is seeking on Nato's new image and peaceful intentions. The provision of such assurances, which include Precident which include President George Bush's proposals for modifications of Nato's long-standing flexible response strategy, must be one of the summit's major objectives. Having dug a hole for itself by its strong opposition to a united Germany's membership of Nato, the Soviet Union should be given the means to save face when it finally changes its mind on the subject, as is generally expected.
It matters little that Mr

Bush's proposal that nuclear arms should be "weapons of last resort" does not in practice undermine the traditional doctrine of "first use" of nuclear weapons when conventional ence has proved ineffective. What is important is that it enables Moscow to present the decision as a significant modification of Nato's allegedly

offensive military strategy.
The London summit's main task is to clear the way to German unification and to lay the groundwork for Europe's new security structure by sending the right signals to the other side. If, in the process, deci-sions on the alliance's future nuclear strategy are fudged or delayed, that is an acceptable price to pay for the considerable international gains to be

British baccalaureat

THE most striking shortcoming of UK education policy in the past decade has been the failure to develop a coherent curriculum for 16 to 19 year olds. Ministers still doggedly defend Advanced (A) level examinations even though these were designed in the 1950s for a tiny university-bound elite. As a consequence, bright students receive an over-specialised education (usually studying at most three subjects for public examination) while the bulk of the age group is prematurely tipped into the labour market. Some vocational training is available for early leavers but it is often. narrowly job specific and usually of poor quality.

Recent years have seen increasingly vociferous mands for reform but, as yet, little government action. The most frequent call is for a broadening of A levels along the lines proposed by the Higginson Committee in 1988 coupled with a concerted effort to improve the rigour and availability of employer-based training. The assumption underlying such conventional wisdom and vocational streams is inevitable but that both categories deserve a better deal. The ultimate aim of many reformers is to create the kind of educa-tional and training opportuni-ties available in West Germany

Unified qualification

Such an approach is roundly rejected in A British Baccalaureat, a new pamphlet from the (mildly) left-leaning Institute for Public Policy Research. The IPPR doubts that British employers would ever put suf-ficient stress on training to make the German route feasi-ble, partly because institu-tional structures, such as pow-erful chambers of commerce, are missing. More important, it regards the German system as unacceptably divisive. Selection starts at the age of about 10 when children are split into three groups: future apprentices go to either Hauptschule or Mittelschule while the academic cream enter the Gymna-

The IPPR argues that low British education performance mainly reflects the divisions in the present system. Post 16, it

points out, academic pupils are divided from the rest through different institutions, different curricula, different modes of study and above all different qualifications. In place of this educational obstacle course, it proposes the creation of a sin-gle, unified qualification at 18: the Advanced Diploma or British Baccalaurest. And in order to encourage the majority of students to stay on to take the diploma, it wants to abolish public examinations at 16.

'Core' courses

The British Bac, unlike previous 18 plus exams, would be designed to cater for the great bulk of the age group. It would replace both A levels and exist-ing vocational qualifications. There would be scope for indi-vidual choice but all students would have to follow "core" courses in three broad domain of study: natural sciences and technology; social and human sciences; and arts, languages and literature. The diploma would involve a balanced mix of academic, practical and com-munity or work based courses. This central change in the structure of the examination

system would be supported by various institutional reforms such as the creation of a unified Department of Education and Training and a rapid expansion of tertiary colleges in place of traditional school sixth-forms. The IPPR is keenly aware that reform is likely to succeed only if the pull of the labour market at 16 can be weakened. It proposes a legislative requirement for study day release for young

The authors are almost cer-tainly right to argue that no amount of tinkering with sepa-rate academic and vocational curricula will overcome the problems posed by the division itself. Put simply, so long as a separate academic stream exists, vocational qualifica-tions will be regarded as second rate. The postponement of public exams to the age of 18 will strike many as daring but it only brings the UK belatedly into line with practice abroad. A complete overhaul of this kind is probably the only way to reverse a century of educational policy that has concentrated on selecting an elite rather than educating the

he key economic dis-crustoms this weekend and early next week will not be at the

Houston summit but at Basle, where the governors of the European Community central banks will meet This will be their first oppor-

tunity to examine the new British plan for a hard Ecu. The president of the Bundes-bank, Karl Otto Pöhl, rightly concentrated in his IEA Special Lecture in London on the need to face up to the loss of sovereignty implicit in the abandonment of exchange rate adjust-ments in a European Monetary Union, and the consequent need for a European central bank committed to price stability and able to pursue it inde-pendently of national or Com-munity institutions.

Nevertheless, he did less than justice to the British pro-posals. For a great deal of work has been done, particularly in the Bank of England, to devise a new kind of Ecu, which would not bring the inflationary dangers which the Bundes-bank president rightly sees in most previous plans and which could be helpful before the full Monetary Union is reached.

A moderately important innovation is the definition of the hard Ecu, which will never depreciate against any member currency and therefore always rise with the strongest. While the D-Mark has up to now been the most satisfactory standard of value for hard currency contracts, there can be no harm in having a standard which will perform even better, should the D-Mark occasionally fall

from grace. There are purposes for which payment in a batch of currencies, rather than a single one, may be suitable, and the hard Ecu should remove inhibitions. Moreover, if there is ever going to be a single European cur-rency, it will help if people are familiar with the units before general conversion. (Citizens of East Germany were already familiar with the D-Mark, as any westerner who tried to pay in Rast Marks in the old days soon discovered.)
The most important innova-

tion in the British plan relates, however, to the operations of the proposed European Mone-tary Fund. National central banks will have to be prepared to repurchase their own cur-

The Bundesbank is an agency to which policy for promoting price stability has been delegated

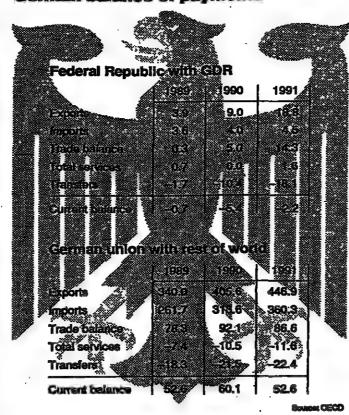
rencies for Ecus, or equivalent hard currencies, on demand by the Fund. If the Ecu catches on, this will be a powerful senction against lax monetary policies, similar to the threat of a gold drain under the Gold Standard, or a reserve drain under Bretton Woods. Indeed, I wonder if many of

the Bruges Group supporters now so enthusiastically promo-ting the hard Ecu understand this feature. Some of the Prime Minister's own remarks make one wonder if she accepts the implications. For the redemption obligations would amount to a severe penalty on any ten-dency to adjust parities any weekend in line with Mrs Thatcher's own personal inter-

ECONOMIC VIEWPOINT

How to save Ecu plan

By Samuel Brittan German balance of payments



pretation of the EMS (at least when these realignments are in a downward direction).

Thus, if the new Ecu were soccessful the European Mone-tary Fund would have considerable power over national central banks, and indeed would be an embryonic Eurofed. By downgrading all these aspects the Prime Minister is playing into the hands of all those in into the hands of all those in the Community who want to sideline the idea, and is also making a mockery of the hard work put in by UK officials.

The biggest abortcoming of the British plan is that it pro-vides little guidancs on when the conditions are right for moving to the final stage of full Monetary Union. Let us suppose that after several years ECU payments account years ECU payments account for, say, 8 per cent of Commu-nity GDP. Does that mean that the Community is not ready

for a single currency? Not at all. Does the fact that most UK citizens continued to make contracts in sterling throughout the 1970s show that they were indifferent to high and fluctuating inflation? Historical evidence suggests that inflation has to reach Latin American rates before most currencies. But this does not mean they are contented, as successive election results show. People would prefer a currency of stable internal and external value, even if they are not prepared to undergo the inconvenience of switching to a second "parallel" currency to avoid their own.

An analogy is emigration. Even under quite tyrannical regimes most of the population do not emigrata. But they can still be highly discontented and desire a change of regime, as we know from eastern Europe. It is the rigid refusal to accept a European central

bank and common currency even as distant and conditional aims which prevents British technical ideas from being taken seriously. Mrs Thatcher's constant refrain, that a Eurofed would be unaccountable, confuses accountability with obedience to government There are plenty of others ways in which Eurofed would be made accountable, for examnle, to the European or national parliaments, as the

Fed is to Congress.

Worst of all the Prime Minister confuses liberal democracy with the unfettered right o elected governments to do what they like. The judges are not accountable to the government or even parliament. For electorates have accepted that justice is more likely to be done if judges are at arm's length from the political pro-cess. They could equally decide to put the control of money at short-termism. It is appalling that the right wing tanks, who are always preaching about the iniquities of the "vote motive" and the need for limits to government powers, are so ready to jettison their own beliefs just to stay in Mrs Thatcher's

The great attraction of the Delors-Pohl Eurofed is that not only would its directorate have a high degree of independence, but the national governors would be pledged to act independently. Mr Pöhl did much to clarify

the meaning and limitations of central bank independence in central bank independence in the more "German" parts of his speech and in answers to questions. Like most other experts he would have pre-ferred a step by step approach to German unification (which is why experts should be on tap but not on top on historical occasions). He kept on repeating that the Bundesbank was not a separate government but an agency to whom the task of promoting price stability – but not of making state treaties - had been delegated.

The conversion ratio for East Marks was also a political decision. But he did point out that the weighted average conver-sion ratio for was not "1 for 1" but 1 for 1.8. The newly created Marks added about 10 per cent to the broad West German money supply, roughly in line with the addition to productive capacity from the accession of the GDR. Moreover the new holders do not seem to emberk-

ing on a spending spree.

Mr Pöhl expects public sector borrowing to rise to about 3½ per cent of GDP by 1991 as a result of official help for the GDR and the financing of GDR public deficits. He believes the increase could be justified "but only temporarily in the light of special circumstances". Indeed, interest rates have already risen in anticipation.

Theoretically the cushion of a DM100bn current balance of payments surplus, correspond-ing to a third of the national savings total, is available to help restructuring in the East. But as German exporters will not give up lightly hard-won world markets, the main scope for relief comes from higher imports, which the OECD see flowing directly into the GDR. The OECD forecasts accord-

ingly show little more than a levelling off in the Federal Republic's external surplus. but a more notable falling of for the whole of Germany resulting mainly from increased East German imports from the rest of the world, where supply contraints axe lene.

Mrs Thatcher confuses accountability with obedience to government

Some people may also be surprised to see that the Federal Republic has a balance of payments deficit with East Ger-many. This is because its export surpluses are more than offset by cash transfers to the East. Here is just one more illustration of how misleading the current balance of payments can be as a measure

The disappearance of bal-ance of payments figures between the two parts of Germany will be one minor but definite blessing from the unification process. Its disappearance inside western Europe as a whole will be not least of the advantages of full Monetary

BOOK REVIEW

A multi-talented Englisheccentric

here have always seemed to be two Lord Hailsbains: one of them wise and learned, the other a buffoon or what Lord Whitelaw would call a rogue elephant The same goes for manners. At times he can be courteous and considerate; at others cantan-kerous aimost to the point of rudeness. This book goes a long way towards explaining

It should be said at the start that it is a very good book indeed. As British political memoirs go, it is probably the best of the postwar bunch. The main comparisons would be with "Rab" Butler's The Art of the Possible, which as one would expect is more enigmatic, and Denis Healey's The Time of My Life. Where Hallsham scores over Healey is that his book is better structured, less name-dropping and more personal. Ultimately Hailsham has also had an even more interesting life than

It is the personal side that is the most riveting. Hailsham has not always been a happy man. His half brother, Edward Marjoribanks, committed suicide, and Hallsham has always felt himself at least partly to blame. He had a first marriage, not listed in Who's Who, which ended in tears, to put it mildly. He was not usually espe-cially well off - his periods at the Bar being interrupted by war and politics; nor was he always in the best of health. And his political prospects were uncertain from the begin-ning because his father as Attorney General had accepted an hereditary peerage.

That background no doubt

helps to explain the outbursts of bad temper, if not the odd act of buffoonery, like ringing the bell at the Tory party con-ference. Indeed, Hallsham himself offers no explanation here and seems to regret that he acquired such a reputation. Perhaps it is sufficient to say that he always was a bit of an English eccentric with a touch of showmanship thrown in. Yet that is not the full Hall-

sham. As he remarks on page 338: "If anyone has borne with me thus far, they will have realised that, if there is one thing to which I have been devoted since my estilest days, it has been enthusiaam for learning." It is impossible to dissent from that view. Hailsham is a scholar with a practical bent and an insatiable curi-Where he was lucky was in

having so many opportunities to put those attributes to use. Younger readers will remem-ber him primarily as Lord Chancellor for much of Margaret Thatcher's administraof relief when he was finally replaced by the more reformist ord Mackay of Clashfern. Hailsham, however, did not always appear as a stick-in-the-mud. In the Macmillan period he held one min-isterial post after another, sometimes several together: Science and Education, Science

A Sparrow's Flight Memoirs
By Lord Hailsham Collins, £17.50. 463 pages

and Technology, special responsibility for the north east and even sport.

The relationship with Macmillan was seldom an easy one. The two men had taken different views on Munich and probably never forgave each other. Yet Macmillan as Prime Minister came to depend on the Hailsham flair to the point of telling him that he wished Hallsham to succeed him. That conversation took place only a few days before Macmillan fell ill and goes a long way to explain why Hailsham leaped into the ring in the subsequent

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Hailsham has few, if any, regrets. He has probably had the longest political career of any surviving politician, hav-ing served briefly in the war-time coalition. He had already written a memoir, The Door Wherein I Went, after the fall of the Heath Government in 1974. That seemed to be the end. Then came Mrs Thatcher and the prolonged return to office. Finally there is this

leadership contest.

much fuller account of his life. The author can be sharp. He describes Churchill as a genius in a most careful use of the word, but he also writes that Churchill was one of the prime causes of the magnitude of the Tory disaster at the polls in 1945. "He had absolutely no dea of how other people felt or Fig is also humane. Hallahum

was one of the first supporters of the Beveridge reform and of the Butler Education Act, which he thought should have gone further by granting equal pay for men and women teach-ers. He fell out with Enoch Powell over the "rivers of blood" speech, and would almost certainly have resigned from the shadow cabinet if Powell had not been sacked Where I think Hailsham

deceives himself is in claiming that if it had not been for his father, to whom he was intensely loyal, he might well not have been a Conservative. Hallsham is a Tory through and through, though also an individualist. It is inconceivable that he could have

belonged to any other party.

Over time he has added to the language. The terms "lobby fodder", "lunstic fringe" and, of course, "elective dictatoration all came first from him. ship" all came first from him. And he was responsible for at was Hailsham who called for the right to renounce the pest-age before Tony Benn. Clement the day, would have none of it.
A Sparrow's Flight is, in part, deeply religious. It is a compliment to Hailsham that I do not think any non-religious reader will find those sections embarrassing. This is a moving as well as an informative book.

Malcolm Rutherford

World Cup special

■ Japan is not best known for its interest in football. And those Japanese who wanted to follow the World Cup did not find it easy to do so. NHK, the national television station, decided in its wisdom to broad cast only the last stages of the tournament. It said it had a duty to Parliament to maintain a balance between sports and other kinds of programmes. Too much football would mean less time for sumo and base-ball. So it only began to trans-mit live coverage from the Italy-Argentina semi-final,

However, NHK did deign to transmit earlier rounds of the tournament on its satellite channel. Thus fans who wanted to watch the whole of the World Cup had to spend upwards of Y100,000 on receiv-

NHK denied it was trying to promote the satellite service, but admitted it had 400 complaints. This compares with 500 if a baseball game is inter-rupted, and 2000 when a sumo broadcast was halted for coverage of a session of Parliament.

Mandela views

Every speaker's nightmare came true for Nelson Mandela yesterday. Sir Brian Corby, President of the CBI, introduced the deputy leader of the African National Congress to an audience of 250 leading businessmen at London's Centre Point. A murmured consul-

tation followed. There would be an unavoidable delay, Corby said. Mandela and his speech were in different places. Ten minutes later a somewhat flustered aide

arrived, speech in hand.
"I have had two problems this morning," Mandela told the assembly when eventually he reached the lectern. "One you aiready know about: my speech. But the other is more important. I've lost my spectacles and I'm wearing my

OBSERVER

wife's." Whether Mrs Mandela, whose tendency to radical rhet-oric sometimes embarrasses the ANC, would have approved of a text that urged the audience to invest in a post-apart-Africa, is another matter.

Menem to play "The referee was a disaster." Thus spoke Carlos Menem. following Argentina's defeat of Italy in Tuesday's semi-final of the World Cup. Just turned 60, the Argentine President has had rather a jinxed year in office, but still thoroughly enjoys both watching and playing football.

Argentine political cartoonists have had a field day with his favourite hobby. The best cartoons are carried by the left-wing daily, Pagina 12. Yes-terday's edition had an anxious Menem in telephone conversation with Carlos Bilardo, the Argentine team manager.
Bilardo expresses fears for
Sunday's final, given that
three of the best Argentine
players cannot play since they
were booked in the last match.

"What a mess; what do you think about..." asks Menem. Bilardo interrupts: "No thanks Carlos. You stay there."

Welsh move m David Waterstone's decidon

to leave the Welsh Development Agency after seven years as its chief executive was not the best kept secret in Cardiff. He told the Welsh Office early this year of his intention to return to private industry. Still, he may have landed a plum of a job.

Waterstone is off to build up AHS, British arm of Compagnie Générale des Eaux, the French giant that with a £10bn turnover owns rather a lot in construction, telecommunica-



"Not much of a time-share

tions, water and energy services in France. "We want him to build AHS into a giant in Britain," says Bernard St André, who beads the energy section of the parent company in Paris.

Watersione, now 54 and a former BSC high-flyer - he was a board member before he was 40 - says that seven years at the top of a quango is about enough.

A "substantial rise" over

his present salary of £63,000 will smooth the path and help with househunting in Bath where his wife, Sandy, has a boutique. He intends to join the growing band of commut-ers from the Georgian city to his new office in west London.

Hard driving How long does it take to drive from the Bank of England to Canary What? in the Docklands? A quarter of an hour? About 20 minutes?

Half an hour? The answer, according to Peat Marwick McLintock, is only 11 minutes. That, at least is the result of a survey which Furt carried out last December for Olympia & York, the devel-opers of Canary Wharf who are looking for ways to reassome future tenunis about the project's poor transport links. Harassed City workers may suspect that Peat did the sur-

vey in one of the company's assured that the figure was clocked up at the height of the morning rush hour on the hasis of 40-50 observed jour-DUTE

Chisholms ■ Thornhill Investment Man-

agement is holding a party today to celebrate five years of pretty successful husiness. Why do we mention this? For sentimental reasons really.
One of the founders of Thornhill was Colin Chisholm, formerly of Schroders, then Hambros. Colin is the son of Archie Chisholm, the founder of City Men and Matters, which was the forerunner of the present Observer column.
Archie subsequently became
editor of the paper, having
introduced Men and Matters in an attempt to brighten it up at a time when profits were falling and the budget was being squeezed. He had other distinctions. He worked in the London office of the Wall Street Journal, then be an executive with the Anglo-Persian oil company. He wanted to print the FT on white paper, but was over-ruled. In 1938 he became the first national editor to appear on television. After the war he went back to oil.

Archie Chisholm is still basically in good form at the age of 87. Son Colin says that the Thornhill business of managing investment for private indi-viduals and family trusts is

Rotten river

thriving.

■ Seen on the Thames at Richmond: a very rusty old motor "Cirrhosis of the River."



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The revival of the fittest

Greaturned to the North
Sea, Thousands of men
are hard at work offshore,
modifying platforms, installing safety equipment, and bringing new fields in stream. Exploration drilling should comfortably break the record set in 1994 for boles drilled. Abendeen house prices have soured to levels set in 1995 before the oil

By Lord Rady

College Street

Popular Property

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"This is looking to be the best period we've ever seen in the North Sea," says Mr Ian Wood, chairman of the John Wood group, a private Scottish oil services group.

The revival of work is good

news for the Scottish - and British - economy following the severe contraction that occurred in 1985, when projects were cancelled, fabrication yards closed and thousands of men laid off.

Oil production is a prime generator of government reveans and export earnings, likely this year to amount to £3bn and £3.5bn respectively. The industry also has broad spin-off effects in employment, manufacturing and exports. Mr Harold Hughes, director of the UK Offshore Operators Association, estimates that more than 100,000 men working onshore in construction and manufacturing jobs are supplying 31 000 offshore workers. In 1988 off-related industrial investment accounted for 11 per cent of the UK total: oil and gas technology accounted for 8.5 per cent of UK exports. These figures are certain to be higher this year,

Several factors have spursed the North Sea revival:

• Confidence in the future of the industry has been restored, and has not been shaken by a sharp decline in oil prices again this year.

The attractions of the North Sea, with the UK's extremely favourable tax regime, have been rediscovered by American oil companies as the prospects of finding oil at home decline.

The UK Government has applied pressure on companies to drill old, under-explored acreage. This has coincided with an upsurge of drilling on acreage that the Government licensed to companies last year on the basis of commitments to

mushroomed as oil companies race to meet a government deadline for installing emer-gency shutdown valves by the and of the year. This is one of many safety measures stemming from the Piper Alpha Steven Butler says problems underlie North Sea activity

disaster two years ago (in which 187 men died) that is leading operators to modify

 An entire generation of old platforms is being refurbished inside-out to extend productive life beyond the original expec-

Yet in spite of these clear indications of resurgence, the oil industry is under strain. It is showing the uncomfortable signs of bumping against capacity limits in some sectors after having cut too far during the lean years. Skilled manpower is in short supply. With business overheating, a rapid cooling in the years ahead could force another painful

"I think this is a bit of a blip this year and next year," says
Mr Chris Fay, head of exploration and production at Shell
UK, the largest operator in the North Sus. Even the welcome increase

in work has had an uneven impact across the industry. Companies such as Mr Wood's, which put up skilled crews to perform work offshore, are thriving. Only a few months ago, Mr Wood was a leading critic of the oil companies for what he saw as a shortshifted policy of squeezing margins for contracting companies. Mr Wood says, however, that

this situation has now improved. Many operators are signing longer agreements that signing longer agreements that give contractors an incentive to invest in their business and their employees. Mr Wood believes these moves have taken a lot of steam out of the discontent that had surfaced among the workers. Even so, the industry could be withere. the industry could be vulnera-ble to industrial action this summer when platforms are shut for modification.

Engineering contractors are also facing petential troubles. Mr Norman Chambers, chief executive of Rockwater, says British design contractors will expend at least 6m man hours this year, an increase of more than 50 per cent from 1989 and double the 1988 figure. This level of work is straining the capacity of the industry.

Mr Chambers warns: "This overheated altoration is learning to a no-win situation for the

main players."

Delays are being forced on developments, while increases in equipment and personnel costs are squeezing the contractors. Contractors are reluctant to expand out of fear that the surge is temporary. The drilling industry proba-

bly has the sorriest tale. Day rates on rigs have risen as the level of activity has set records. But a high rig rate merely attracts vessels from around the world, effectively Moreover, the UK offshore industry, which has been coddled and protected by the Government, is facing a more comment, is facing a more commentative anythment as the petitive environment as the single European market comes into force after 1992. European contractors are pressing for a higger share of the business, and some are already winning contracts that would have been unthinkable even a year ago.

made an early arrival two weeks ago when British Petroleum placed big orders with French and Spanish fabrication yards that could just as easily have been placed at home, in a sector of the industry where there is still plenty of capacity.
The European yards put in lower bids, yet in the past those same yards have not even made it to the bid list. North Sea operators have always feared that they would not be awarded exploration licences if they failed to support UK contractors.

The BP orders snatched away work from the yards when business was just recovering. The yards had been hoping that increased work would boost margins, but this now looks less likely. More important, big fabrication contracts are only the west wighle and of are only the most visible end of a whole string of equipment orders that will be supplied from sites close to the yards. UK operators can no longer exclude European companies from bid lists without risking intervention by Brussels. Mr John d'Ancona, director-gen-eral of the UK Offshore Supplies Office, which promotes the UK industry, this week said he would still have a job after 1992, ensuring that UK companies had a fair crack at contracts. He will certainly have his work cut out in dealing with continental competitions. tion, some of which will come from state-owned, integrated conglomerates in which hidden cross-subsidies are impossible to detect. As the guardian of the British supply industry, the OSO puts pressure on off-shore operators to give full consideration to UK bidders.

Yet the underlying presump-tion among all UK operators that an order must be placed in Britain, in the absence of an overwhelming economic justifi-cation, will surely come to an end. British suppliers will undoubtedly face more intense and successful competition from European companies.

Oil companies are spending about £6bn a year in the North Sea. A high level of investment is certain to continue for many years. Last year, UK compa years. Last year, UK compa-nies won 81 per cent of all the orders placed by North Sea operators — indicating that a strong industry has developed alongside the growth of oil pro-duction. If they are to continue winning the lion's share of business on merit they will need to invest in tachnology need to invest in technology and human resources to beat off their competitors.

Judy Dempsey on the challenges facing the last bastion of Stalinism

HEN ruling commu-nist parties else-where in eastern Europe tumbled from power last year, the Albanian media poured scorn on the "bourgeois" and "right-wing" forces which succeeded them.

The leadership in the capital Tirana, which still looked to Stalin as the father of "real" communism, steadfastly refused to entertain any ideas of reform. Mr Ramiz Alia, head of the ruling Albanian Party of Labour, publicly repeated his determination to continue along the path carved out by the late Enver Hoxha. In the past few days, that

path has appeared to be approaching a dead end. Hundreds of young Albanians have demonstrated for change in Tirana; scores more have sought refuge in several west-ern embassies, seeking a pas-sage to freedom. The question is whether Mr Alia will be able to map out a more rapid programme for change for Albania's 3.2m people, for if he does not the chances are he will go the way of other dis-credited communist leaders.

Albania's chosen road was unique. At a time when the communist parties in eastern Europe were embarking on rapid industrial and social change after the Second World War, Hoxha chose to place Albania in a time capsule. First Hoxha quarrelled with

the west after the US and Britain tried to oust the APL from power. In the late 1940s, he broke with Yugoslavia following Tito's row with Stalln; in the 1960s, he refused to bow to Moscow's anthority; in the early 1970s, he then fell out with the Chinese, who were becoming too reformist for comfort. He even refused to promote trade with either east or west for fear his country would be influenced by either of the superpowers. Albania remains an agriculture-based economy with little industry beyond chemicals plants and

large chrome mines. But as east-west tension vanishes and the winds of change blow into Albania, Mr Alia must choose which side to back the intellectuals, youth and reformers in the AFL who want to open up the country to the outside world, or the con-servatives grouped around Hoxha's widow, Mrs Nexhmile Hoxha. The "embassy" issue presents Mr Alia with a choice: between pressing ahead with reforms and siding with the old

The stakes are high. If Mr Alia sillows the Albandana scal-ing refuge in western emba-sies safe passage out of the

Winds of change reach Albania



country, many more people may try to force their way into the diplomatic compounds. If Mr Alia instead clamps down, then the Albanians, hungry for change, could take to the

streets in greater numbers. The leadership was already alerted earlier this year to growing impatience with the slow pace of change. Industrial workers went on strike in January. Students shouted for reforms. Each time, the author-

Parallel to the repression, Mr Alia cautiously tried to bring Alberta out of the Hoxha era. Last May, he lifted the ban on religious practices and he gave people the right to traval. He also tinkered with the econony by introducing incentives

to improve productivity.
But the stampede into western embassies clearly indicates that Albanians want more change. The problem is that Mr Alia lacks the support in the APL to push through any economic, political and social nomic, political and social reforms aimed at bringing the country out of its long, self-imposed isolation and its economic backwardness. He is further constrained by

the ghost of Hoxha, which today looms over the APL in the form of a giant status in the former dictator's birth place in Gjirokaster. If Mr Alia or the reformers are to survive, they must dismantle the

Hoxha legacy. But they face clan, and if reforms begin to succeed they could stir up old rivalries between Albania's two tribes: the peasant Gegs, comprising Moslems and Cath-olics, who live in the mountainous north; and the more educated Tosks, Moslem and eastern Orthodox people who

along the cost. Mr Hoxha was acutely aware of the potential for violence between these two tribes. But he kept the warring factions at bay with repression, agrarian reform (which weakened the power of the Moslem landlords or beys), and deployment of the nationalist card.

live in the southern plains and

Albanians rallied around Havin because he was seen as the guarantor of their indepence, a cherished dream spanning four centuries and one they finally realised in 1920. But now, the intellectuals and the young are clamouring for change. They see little reason for Albania's continuing isola-tion. Thus, Mr Alia is torn between their demands and the strength of the conservatives. The question is whether he can continue to control change

from the top.

He has little support in the APL. He can rely on his Prime Minister, Mr Adil Carcard, his foreign minister, Mr Reis Mal-

We put your ideas into perspective.

But these supporters are not numerous enough to defeat the Hoxha clan which is concentrated in the Ministry of the

The Hoxha clan balongs to the Tosk tribe which was the original engine behind the establishment of the Communist Party. But other factors weld clan members together in their opposition to Mr Alia: patronage, privilege and nepo-tism. They will be loath to

relinquish their powers. This tight mafia prompted Moscow radio to report in 1962 that "half, or more of the 53 members of the Central Committee of the APL are related .. Enver Hoxha and his wife Mrs Nexhmije Hoxha; Mr Hysni Kapo and his wife Mrs Vito Kapo; Mr Josif Pashko and his wife Mrs Eleni Terezi. The wives of Mr Manush Myftiu, Politburo member, and of Mr Pilo Peristeri, candidate member of the Politburo, are sisters. The brother of Mr Hysni Kopo's wife is Mr Piro Kondi, also a member of the central committee . . .

Mrs Kapo is today Minister of Light Industry, Mr Manush Myftin is deputy Prime Minis-ter and Mr Peristeri is chairnan of the Party Control Commission. Mrs Borha retains her close links with the Interior Ministry and the hated Sigurimi, or secret police.

Mr Alia's political future depends on the young and the intellectuals. If they publicly lend him their support, then he can press ahead with reforms and even begin isolating the Hoxha faction. But the latter backed by the Sigurimi - is likely to fight back.

This, in turn could unleash wider conflict. Ethnically, Albania is much more homogenous than multi-ethnic Yugoslavia next door, with a Mos-lem Majority and small Greek, Catholic and eastern Orthodox communities. But for deep seated historical and cultural reasons, the country's two tribes — the Gegs and Tosks — loathe each other. The risk of violence is one Mr Alia will have to take. His Balkan neighbours are waiting nervously.

The most nervous neighbours are Yugoslavia and Greece. The Yugoslavia particularly the Serbs, fear that any violence or unrest in Albania will spill over into Kosovo, a province that borders Albania. Here, restless ethnic Albanians want greater political autonomy from Belgrade and if nationalists have their way, union with Albania. Such a move would really set the Bal-

LETTERS

The 364 may have been too influential after all

From Professor D. McWilliams. Sir, Mr John Shepperd aska (Letters, July 2) If the infa-mous 364 economists were so wrong and deplores their lack of infinence in public debate on

economic policy.

It would be easier to argue the opposite — that the 364 have been too influential and that the surreptitious accep-tance of their views has been a prime cause of the inflationary

The 364 argued that "the time has come to reject monetarist policies" and that monetarist policies and that monetarist policies and that monetarist policies and that monetarist policies are the second policies and that monetarist policies are the second policies and that monetarist policies are the second policies and the second policies are the second policies ar tarism would not lead to lower inflation. Yet when monetarism was applied we had falling inflation; when monetarism was abandoned with no adequate substitute inflation after the usual lag climbed back up. The 364 argued that a recovery could not occur under the policies of fiscal deflation set out in the 1981 Budget. In fact the policies were less deflationary than they seemed and not

only did a recovery occur but ultimately it got out of control. The critical need in UK economic policy-making today is an acceptance of the fiscal and monetary discipline that will be required to drive inflation down to the German levels of

0-3 per cent.
When the remnants of the 364 try to put forward excuses for avoiding such discipline, the attention paid to their advice should take account of their mistaken reco tions in the past. Douglas McWilliams, Chief Economic Adviser,

Confederation of British Industry, Centre Point, 103 New Oxford Street, WC1

From Mr David Damant. Sir, John Shepperd writes that the 364 economists were correct to attack monetarism in 1981. But Mr Shepperd also points out that since "the end of serious monetary targeting in 1985 problems such as infla-tion have returned.

Perhaps the truth is that things started to go wrong again as soon as the traditional establishment, as represented by the 364, began to have David Dament,

Managing Director, Puribus Asset Manageme & Lambard Street, BC3

From Mr Andrew Smithers.
Sir, It was unkind of Mr Sir, it was unking of ar Shepperd to remind us of the views of the 364 economists in his ironical defence of them. Mr Shepperd's comment: "As is so often the case with economists their timing was poor," was particularly cruel, since the ability to predict is the key test of any theory and the economy's recovery, dating almost from the point when the economists were forecast-ing disaster, is bound to have discredited their views.

His other main point, ignoring its ironic gloss, is that inflationary problems have re-emerged as memorary targets have not been adhered to. Monetarism has been successful overseas, but only briefly in the UK. To paraphrase Chester-ton on Christianity — monetar-ism in the UK has not been tried and found wanting, it has been found difficult and not

Andrew Smithers. Smithers & Co, Sedgmick House, The Sedgmick Centre, E1

From Mr Ken Coutts and Professor Wynne Godley. Sir, The issues raised by Mr Shepherd have a special importance because of the sugges-tion by for instance, Sir Doug-las Hague in 1988, that "never in history can a profession have been so manifestly proved wrong in its prediction" which ms to be part of a campaign. to dishonour and demoralise

academics of all disciplines.

Mr Shepherd's quotation from the 364 economists' declaration is not quite complete. According to his version "there is no basis in economic theory or supporting evidence for the Government's belief that by deflating demand they will thereby bring inflation permanently under control." This sentence should have been sentence should have been completed with the words "and thereby induce an automatic recovery in output and employ-ment." Mr Shepherd also states that "(the) depression . . . was beginning to lift as the 364

It is not really true that the depression was beginning to lift in March 1981 when the economists' declaration was made. Output only grew 2 per cent over the following 12 months, which is well below the growth of productive potential while unemployment rose half a million; personal consumption continued to fall and such increase in output as did occur was almost entirely due to stockbuilding which moved from an annual rate of minus £4.6bn in the first half of 1981 to plus £1.5bn in the first half of 1982, a turnround equal to about 3 per cent of gross

domestic product. The "recovery" in demand and output only really began in the middle of 1992 when the removal of credit controls caused a big jump in consump-tion. And since then, so far from the continuation of "present policies" (the deflation of demand so feared by the economists) there has been the big-gest reflationary U-turn of all time. Between 1982 and 1989 household indebtedness rose

about 2350nn, the personal sav-ing ratio fell, as a result, from 12 per cent to 6 per cent, and

personal consumption, the motor of the entire "recovery," rose at an average rate of 4.6 per annum — far faster than Mr Shepherd cannot accuse

us of failing to participate actively in the policy debate. In the last Cambridge Economic the last Cambridge Economic Policy Review, published in April 1982, we argued: "(Though) reflation...might give a few years of reasonable growth and might start to bring down unemployment, it is not in itself capable of generation..." ating sustained recovery. It would scarcely improve export growth or slow down import penetration. Once Britain's balance of payments is again in deficit the growth of domestic expenditure will be con-strained, as in the past, by inadequate trade performance in manufacturing. Reflation may check industrial decline but it will not of itself put the process into reverse. Strategies for recovery need to be judged as much in terms of their abil-ity to accomplish this task as in terms of their likely effect on output and employment in the short turn."

Since 1982 we have retirement this view several times a year in leading newspapers and journals as well as on televi-sion. We have also pointed out with great emphasis that, since the expansion has been caused by a boom in household borrowing, the idea that any kind of economic miracle ever took place is a very dangerous

Our new review of economic policies and prospects in the 1990s is to be published soon. Ken Coutts, Wynne Godley, Department of Applied University of Cambridge,

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Chinese bouquet: grapes 'did not come from reform camps'

From Tian Chunyan.
Sir, With regard to the article ("China's bouquet of barbed wire," April 4) alleging that the Tuanhe labour re-education camp supplies grapes to the Sino-French wine-making venture at Tianjin, I am asked by the Sino-French joint venture to make a number of clari-

The grapes used by this joint venture have been largely sup-plied by the vineyards in Tianin suburbs and the countrytract setting up the venture. In 1987, this venture pur-chased 1,179 tons of grapes of which 72 tuns came from the farm of the venture itself, 979 tons from Tianjin suburbs and the countryside in the counties, 85 tons from the country-

side in Hebei Province near Tianjin and 43 tons from Qinghe Farm in Tianiin.

from Tianjin suburbs and the countryside in the counties, 31 tons from Hebei near Tianjin. In 1989, the total figure for grapes purchased was 1,235 tons of which 56 tons came from the farm of the venture itself, 1,179 tons from Tizmin suburbs and the countryside in

the counties. From these figures it is clear In 1988, the total purchase of that only in 1987 did the vengrapes was 1.184 tons of which ture buy a small amount of

side in the near-by counties. It is a main condition in the contact the venture itself, 1,136 tons are from the farm of grapes from Qinghe Farm (3.65 per cent of the total of grapes). purchased in that year). Qinghe farm is an ordinary farm which has nothing to do with a reform camp. The Sino-French joint venture has never used any grapes from Tuanhe labour re-education camp or any other reform camps. Tian Chunyan, Press Attaché, Embassy of the People's Republic of China,



FINANCIAL TIMES

Thursday July 5 1990



Overseas investors fight off US Congress

Peter Riddell reports on resentment in Washington over foreign economic influence

OREIGN investors in fight on an increasing number of fronts to defend

The Association for International Investment (AFII), a group opposing restrictions, has identified at least 15 threats at the federal level alone. Mr Brad Larschan of the AFII talks of an "open season

on foreign investment."
As the national security threat of the Cold War disappears, Americans are becoming more concerned about economic security - the challenge to the US from Japan and a newly assertive Europe. The US has become more

reliant on foreign capital because of its continuing large deficits. Foreign direct invest-ment in the US rose by \$72bn last year to a total of just over \$400bn. This was much larger than the increase in US investment overseas and has led to increased awareness, and in part resentment, of the infinence of foreigners.

The main push for action has come from Congress. This has so far been largely resisted by the Bush Administration, which is publicly committed to an open investment policy. But potentially restrictive rules have been adopted, which, while not applied in a discriminatory way now, could be under another administration.

Some of the legislative proposals may not become law

this year. But several are likely to be revived next year when Seattle) has been blocked out they stand a better chance of of 280 reviewed between

MR NELSON Mandale and Mrs

Margaret Thatcher, the British Prime Minister, yesterday forged a remarkable and unex-

pected understanding despite their continuing disagreement over the role of sanctions and violence in hastening the reform process now under way in South Africa.

At the end of a day which

began with an appeal for Brit-ish investment in a post-spart-heid South Africa, and a warn-

ing that state participation in the economy night prove nec-essary, the 7i-year-old deputy president of the African National Congress said: "I

came away from my meeting with (Mrs Thatcher) full of

Mr Mandela said he b

briefed Mrs Thatcher on politi-

cal developments in South

Africa, and noted: "She appeared to have a very good

grasp of what's going on." Asked whether she was some-one with whom he could do

am already doing business with Mrs Thatcher."

South Africa later this mouth he would meet Mr F.W. de

dent, as a matter of urgency to continue the negotiations

Klerk, the South African Pro

He said that on his return to

strength and hope."

By Michael Holman and Anthony Robinson in London

US acquisitions by foreign companies Value of deals (\$ billion)

The main issues are:

Monitoring of acquisitions.
Under the Exon-Florio provisions of the 1938 Trade Act, purchases of US companies by foreigners can be reviewed by an inter-agency group, the committee on foreign investment in the US (CFIUS), headed by the Treasury. This advises the President on whether to ban or suspend a deal if evidence is found that an overseas investor might take action to threaten national security or that existing laws do not provide adequate protection.

There is general agreement that the CFIUS staff has han-dled implementation fairly and efficiently. Only one deal (involving the takeover by Catic of China of Mamco, an aircraft parts producer of

August 1988 and last March.
There are worries, however, about increased political pressures to hold inquiries, as shown by the review into the controversial BTR bid for Northeanth March 1988.

ton of Massachusetts – although the subsequently dropped takeover was cleared. There has been a vigorous and lengthy debute within the Administration about the Exon-Florio rules. Foreign investors have pressed, largely without success so far, for a number of modifications – to establish a minimum dollar threshold for transactions, to create a list of exempt industhreshold for transactions, to create a list of exampt industries, to define national security more precisely, to provide greater assurance that already cleared deals will not be reopened (the possibility of some progress, according to AFII), the creation of a fast-track procedure for approval, and narrowing the applicability for foreign lenders in case of default (partial reassurance). The Commerce and Defence of default (partial reassurance).

The Commerce and Defence
Departments, backed by some
in Congress, have sought to
keep tough provisions as well
as to take control of the procedure from the Treasury, which
favours open investment. Separately, on Capitol Hill, legislarately on Capitol Hill, legislarately on the scope of national
security and seeking a process
of constant review via public
performance requirements
negotiated with foreign investors.

 Taxotton. The Internal Revenue Service is taking a much closer look at taxes paid by the

Mandela encouraged by Thatcher meeting

US offshoots of foreign owned groups following allegations that the latter, particularly Japanese affiliates, are underpaying taxes as a result of devices such as transfer pricing. Leading House Democrats have proposed legislation to impose additional, and open-ended reporting requires. has grown about the decline in

open-ended, reporting requirements on foreign owned, as opposed to domestic, companies and to levy a new 10 per cent withholding tax on the gains from the disposal of foreign and the disposal of for eign-owned assets, except where treaty provisions preclude such a tax.

clude such a tax.

• Bars on foreign investment.

A House bill regulating the cable industry would ban foreign ownership with effect from June 1, and would limit the expansion of existing foreign owned cable operators, in direct contrast to the expansion of US cable ownership in Europe

Europe.

■ Political activities. The Federal Election Commission voted four to one last Thurs-day to initiate a rule-making procedure to ban US compaprocedure to ban US companies with 50 per cent or more foreign ownership from organising and maintaining Political Action Committees, in effect stopping them making financial contributions to political campaigns. This will be challenged on contributions lenged on constitutional

 Registration and data collection. Congressional propos-als, some backed by the Administration, have been made to improve the collection of data on foreign investment. The controversy is over the extent of the information required, who should have access to it, and hence its con-Financial services, Concern

the relative position of US banks, especially compared with Japanese ones. The Sen-ate Banking Committee has approved a measure giving US regulators the discretionary power to impose sanctions on countries regarded as discrimi-nating against US financial ser-

vice groups.

This has been amended specifically to reassure the European Community following last year's banking directive by exempting countries which have a good record of providing open access to US companies. But major legislation on these issues is likely next year. In addition to these federal

moves, foreign investors are also worried about new state legislation, notably laws to make hostile takeovers more difficult, which, while not spe-cifically aimed at foreigners, can and have been used worlnst them.

Direct foreign havestment in US (Bock value in \$bn)

Imi	i cumar
9.8	122.8
3.5	66.1
12.7	55.7
7.2	22.7
6.7	26.9
	9.8 3.5 12.7 7.2

French told to cut UK water group

By Andrew Hill in London

investment

MR NICHOLAS RIDLEY, the UK Trade and Industry Secretary, is to force France's largest water supplier to cut its investment in a British water

Compagnic Générale des Eaux, which already owns four UK water companies, will have to reduce its interest in Mid Kent Holdings, a water sup-plier in the south-east of England, from 29.9 per cent to lowing a Monopolies and Mergers Commission report into the investment

The move underlines the tion to further consolidation of water company investments, which it believes could make regulation of the newly priva-tised industry more difficult. Separately, the Monopolies

and Mergers Commission decided that Southern Water's decided that Southern Water's
acquisition of a 25 per cent
stake in Mld-Sussex Water
Company – which is already
controlled by another French
group, SAUR Water Services
– was not against the public

. The Commission would have been be satisfied with guarantees from Compagnie Générale des Eaux that it would not interfere in the running of Mid Kent. But Mr Ridley wanted firmer action to protect the

public interest. Générale des Eaux said it was disappointed with Mr Rid-ley's decision, which will leave the French company with the same size stake in Mid Kent as its rival SAUR. Générale des Eaux will now have to liaise with Mr Ian Byatt, the director general of water services,

about reducing the holding. The Department of Trade and Industry's statement could increase concern in the water industry that the Government is compromising Mr Byatt's independence by asking him to play such an important part in enforcing merger policy. His main task as economic regulator is to set price-rise limits for the 39 water companies in England and Wales, thus simu-lating competition between the

regional monopolies. In April, the Monopolies and Mergers Commission ruled that the proposed merger of three British water suppliers was against the public interest after Mr Byatt had suggested to the commission that a merger between neighbouring groups, though it reduced charges, would make "compar ative competition" between the UK's water companies more difficult to judge. At Mr Rid-ley's request, Mr Byatt is now seeking to extract further con-cessions from the three compa-

nies which might enable the merger to go ahead. Apart from owning large stakes in some of the UK's 29 smaller water suppliers French companies have small holdings in some of the 10 recently privatised water and sewerage companies, which are pro-tected from takeover for five

Second thoughts for the ERM bulls

Sterling

The UK equity market seems to be moving to the next stage of its thinking on the ERM a little faster than expected. After the initial euphoria, the appreciation of sterling is now a reality. Analysts' thoughts are therefore turning to the implications for the earnings of companies like RTZ, whose shares fell 4 per cent yester-

For the corporate sector as a whole, this might seem in one sense illogical. On a tradeweighted basis, sterling is little changed from a year ago. Indeed, the situation is in some ways improved. Sterling is 4 per cent lower against the D-Mark, which helps European competitiveness; but against the dollar it is 13 per cent up, thus holding down input thus holding down input prices. The snag seems to be rather that analysts had been counting on sterling depreciation to help out overseas earners in the traditional way. For dollar earners this is not happening, and the damage could be still worse if, as is not impossible, the autumn were to see the fed easing and the to see the Fed easing and the Bundesbank tightening at the same time, thus driving the ERM up further against the

For domestic earnings, the same two-stage thinking might come to apply. The initial reac-tion was again emphoric, based on the promised stimulus of on the promises standing to lower interest rates. But the fundamental premise of ERM membership remains that demand must be held back until inflation is brought into line, Add to that the question of what happens to the trade deficit with sterling at these levels, and the market may soon be pushed to remember why the ERM ever seemed a buil point at all.

Hidden in the small print of

vesterday's annual accounts

from the network were moner-ous signs, besides its £26m operating loss, that BR now has little chance of meeting the financial targets in last Decem-

ber's corporate plan. At the plan's heart was a goal of slashing its subsidy from about

2500m in 1989 to £340m in 1997.

BR readily owns up to four

year's labour unrest, post-Cla-

pham safety spending, late deliveries of rolling stock and

the general slowdown of the economy, which is squeezing ticket revenue. But BR's hopes of striking productivity gains

British Rail

Globe British Rail's finances are getting trickier all the time.

Whatever the final tally, it is clear that time has finally run out for the Globe Investment Trust in its present form. A formight ago, the British Coal Pension Funds' final offer of 205p looked a shade too mean to win the day. However, all it took was a slight wobble in the market, plus a few defections among the smaller institutions, and the balance of power has shifted in favour of the coal-

true net asset value - the only thing that really matters to the key institutions who will decide this bid — starts with Datastream's 215p per share. It then goes up or down depend-ing on which side one talks to. The majority of independent shareholders still believe that Globe is being sold on the cheap. But if the coalmen really have control of 45 percent of Globe, its prospects of continuing to operate as an effective independent entity over the long term are minimal. They should be shle to mop up enough to win control over the next year.

Faced with this and the uninspiring record of British

uninspiring record of British Coal's majority-owned British Investment Trust, the institu-tions still holding out are not going to want to stay around as minority shareholders. By as minority shareholders. By contrast, small shareholders have little to lose by waiting to see what happens. They will have time to accept if the bid goes unconditional. And in the unlikely event that it does not. then both sides are still going to have to sit down and work out a solution to an unacceptable situation.

The cynic might argue that the UK Government's latest policy ruling on mergers in the water industry is simply evidence of the politicians' anxiety to keep the industry out of the hands of the French. This is a little miner The key legna. is a little unjust. The key issue for the authorities is to balance the obvious savings to consumers from any industry consoli-dation with the unquantifiable loss of the benefits of having lots of companies producing comparative data. One has only to see the difficulties the regulators have in policing British Ges and British Tele-com to understand the superficial regulatory appeal of maintaining a massive comparative database. Nevertheless, it does not look a policy stance which will stand the test of time.

Siemens/Nixdorf

Against the D-Mark (DM per £) 1990

That is partly a matter of BR's lack of scope for much

more staff cutting. In each of the 1988 and 1989 financial

the 1988 and 1989 financial years, rail network staff dropped 5 per cent. In 1990 the fall was only 0.6 per cent. For the first time since 1985, the key productivity ratio of receipts per train mile worsened to less than £10, and the wages bill is rising 50 per cent faster than total turnover.

Things would be easier if

Things would be easier if RR's real estate side could real-

istically expect to continue with profits as high as last year's £412m. But it seems very

unlikely that in a soft UK com-

mercial property market BR can repeat the near 30 per cent

growth in net rental income it

saw last year. As for HR's capi-tal expenditure, it rose £200m: to £630m; and with 842 new coaches on order for the Kent

region alone, that figure seems unlikely to drop much. Expect

the fares to go up a lot more as

soon Mr Parkinson thinks he can get away with it.

Water mergers

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Barrier met man

It never looked very plausi-ble that Siemens would hid for the publicly held non-voting shares in Nixdorf. But the fact that Nixdorf's non-voting stock to still fetching DM310, 20 per cent more than last October's low, suggests some investors have not lost hope. On past evidence, such as Stora's bid for Feldmuchle Nobel, where Stora bought an 86 per cent Stora bought an 86 per cant block from two big sellers then rest, a bid for the non-voting Nixdorf shares is not entirely out of the question. But it is unlikely, and the episode high-lights the risks of playing the takeover arbitrage game with West German equities.

which got under way in May on a new constitution for South Africa. Japan halts new trade with US under SII

By Robert Thomson in Tokyo and Peter Riddell in Washington ment may be vague, but the US JAPANESE officials said

yesterday the US would not be permitted to raise new issues in talks reviewing agreements reached under the Structural Impediments Initiative (SII) on bilateral trade. Debate on the format of the

follow-up talks delayed the drafting of the SII final report last week, and the issue could become a serious problem for the two countries as the US is keen to use the SII structure to discuss a range of trade con-

Mr Noboru Hatakeyama, director-general of the Ministry of International Trade and Industry's international trade policy bureau, said both coun-tries had agreed to review progress in the report, and to discuss matters relevant to the agreed points.
"The wording of the agreecannot introduce new issues. They cannot interpret the wording that way," Mr Hatak-It has been agreed to hold follow-up meetings three times in the coming year, and then

At a press conference shortly after his meeting, Mr Mandeia refused to set a timetable for

He said that during his tour of Europe and North America

he had been met with wide-

spread understanding for the ANC's view that sanctions should not be lifted until apart-beid was abolished and black

South Africans enfranchised.

The ANC leader went out of

lifting sanctions.

twice a year.

The US stresses the impor-tance of the follow-up mecha-

nism agreed with Japan as a means of monitoring the undertakings given on reduc-ing business rigidities and barriers to competition. Mrs Carla Hills, the US

Trade Representative, told reporters earlier this week that the US looked at SII as a con-tinuing process, underlined by the follow-up mechanism which she regards as an integral part of the final rsport.
The US interprets the report

in a broad sense as covering a wide range of business prac-tices, in effect what one official has called a micro-economic version of the Group of Seven macro economic co-ordination

Meeting of minds: Nelson Mandela after his talks with Margaret Thatcher yesterday

his way to be complimentary to Mrs Thatcher, turning aside questions designed to highlight

Describing Mrs Thatcher as "warm and gentle," referring to the "cordial atmosphere" of the "productive talks," he added: "I complimented her for

her role in improving interna-

tional relations, especially between east and west and in

the independence of Zim-

The US will resist any Japanese attempts to narrow its

Mr Hatakeyama said that the SII concept should be expan-ded, perhaps using the OECD, and could serve as a model for the discussion of broader eco-nomic issues in the context of

This process is very difficult, so we cannot repeat it again and again, but it should develop into a multilateral system. SII is a very broad agree-ment but we can choose some items and these could be har-monised internationally," he

Japanese officials have noted that US Congress has been less appreciative than President George Bush of the SII agreement, and there are fears that the importance and depth of SII will be overlooked by US politicians focusing on raw trade figures over the next few

He noted that Zimbabwe's

independence was negotiated ten years ago, "but this was the first chance I have had to compliment her." He thanked

her for securing the release "of my comrades and myself." Downing Street officials gave

an equally enthusiastic asses

ment of the meeting. Mandela seeks to allay tuves

Mr Hatakeyama said that fulfilling SII promises on straightforward items such as public works spending would be easier than the more abstract agreements, such as encouraging leisure among

Japanese.
"On these things we don't have such a good record of suc-cess. We have to persuade management and labour people to shorten their working hours. We have to work hard to avoid increasing our working hours,"

World Cup misery

2 Streetbourg ff Systemy ff Tangler ff Tangler ff Tangler ff Touche ff Touch

WORLDWIDE WEATHER

Continued from Page 1 conflicting loyaities. Britain's employers' organi-sation, the CBI, which last year put the cost of absentee-ism from work at 25bn, (28 6bn) took or releved atti-(\$8.6bn) took a relaxed atti-tude to the impact of the World Cup.
"Sporting achievements

have in the past helped boost morale, and pride in the country and its products", said one Currency and stock dealers

were said to be leaving work early to watch the match. And at British Aerospace in the north-east of England so many night-shift workers wanted time off to watch the

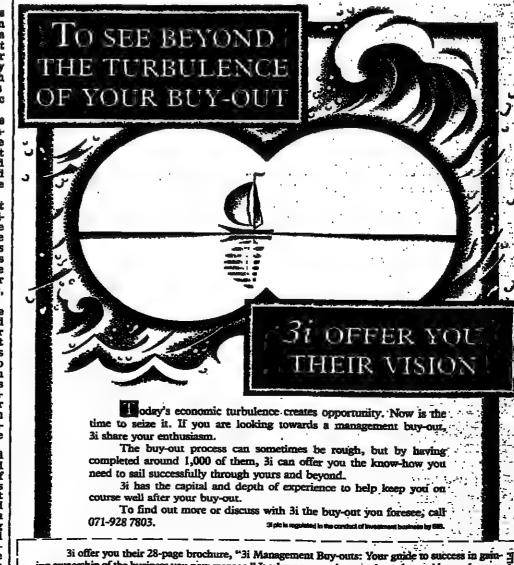
semi-final that six televisions were installed in the works

Even tickets for the first Rolling Stones London concert in eight years were still on in clear night.

In Germany one moral problem remains: how will the rest of the world react now that, having defeated England, it

goes on to win the champion-"It would not be good to win

the cup in the year that we are becoming united, and, half-seriously, a senior adviser to Chancellor Helmut Kohl. He speculated that it would be worse if Boris Becker won Wimbledon at the same time.



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FINANCIAL TIMES COMPANIES & MARKETS

Thursday July 5 1990



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Morgan Grenfeli goes against the traffic

It may at first sight seem odd. Morgan Grenfell, the British merchant bank, is making a big effort to move back into the third world debt business just as most international banks are doing their utmost to get out. Morgan has taken on board almost the entire third world debt trading team of Libra Bank, the Londonbased consortium lender to Latin America liquldated this year. And it is arranging to borrow from its parent, Deutsche Bank, a third world loan portfolio of several hundred million dollars. Stephen Fidler explains why. Page 21

Ride em' company director



Wagon racing and pancake breaklasts. This week sees western Canada's best-known and most boisterous rodeo, the Calgary Stampede. During the whoopin' and hollerin', however, a less noisy stampede is also taking place among the region's energy producers. It is hard to find a company which is not buying, selling or restructuring at least some of its off and gas properties. Mr Frank Sayer, president of Sayer Securities, a Calgary corporate finance boutique specialising in oil and gas deale, estimates that by the end of June, almost 40 companies had some C\$4bn (US\$3.4bn) worth of assets on the block, com-pared with 26 companies selling some C\$2.7bn in properties just three months previously.

Lots of sour, not much sweet

Long-suffering shareholders of Beristord Inter-national are likely to have plenty of questions for the group's new directors when they make for the group's new directors when they make their first report on the troubled sugar and property group this morning. Tate & Lyle, the sweeteners group, dropped a contemplated bid for Berisford earlier this week. A passing of the interim dividend is widely anticipated along with painful extra provisions of more than £150m, mainly in respect of Berisford's troublesome New York property portfolio.; Page 24

Driving on Lif



Lolk Le Floch Prigent has brought a tough, no-nonsense style to bear on Elf-Aquitaine, the liagehip of France's state owned oil industry, since taking over there as chairman a year ago. The company is moving tested then ever under faster than ever under his leadership through

acquisitions and an increasing concentration this former chairman of Rhône Poulenc. William Dawkins reports. Page 16

Blg R taints Greene King brew

A strong trading performance at Greene King, the UK brewing group, helped push up pre-tax profits by 5 per cent to £20.13m (\$35.82m) in the year to April 29, 1990. But the headway made on the brewing side was overshadowed by problems at the group's associated company, Big R Leisure, which operates roller skating rinks, night clubs and other leisure facilities. Greene King has written off, as an extraordinary item, the £795,000 after-tax cost of its 35 per cent stake in Big R. Page 22

Barket Statistics

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London traded options London tradit, uplices Managed fund convice Manay markets World cosmodity prices. World stock mixt indices UK dividends announced

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Unity bond disappoints world markets

By Katharine Campbell in Frankfurt

THE GERMAN Unity Fund, the West German Government's vehicle for financing the restruct-uring of the East German economy, yesterday disappointed international markets by setting tight terms for its initial bond

The first DM6bn 10-year unity bond is to pay a coupon of 8.75 per cent, with an Issue price of 101 per cent, representing a yield of 8.60 per cent.

The terms are therefore identi-cal to the last German govern-ment bond (bund) which was launched in mid-May and then marked the largest single bund launc to date.

The tight terms mean that interest is likely to be confined largely to domestic investors. While one large German bank had said it had been prepared for the even more aggressive terms of an 8% per cent coupon, it was generally felt in London that a coupon of 9 per cent was needed to attract international investors

in any great number.

The West German government plans to borrow DMS5bn over the next four and a half years via the Unity Fund, an off-budget route to help finance the steadily mounting costs of restructuring the East German economy. This week's launch is capitalising on the bond market's slightly

firmer tone following signs, albeit very early ones, that German eco-nomic and monetary union is uroceeding relatively smoothly.

In London, the Liffe September bund futures contract fell to the day's low of 83.82, compared with 83.95 at the open, shortly after the bond consortium had agreed terms mid-afternoon in Frank-

Prices recovered later to close at 84.08, with buying largely attri-buted to German banks.

Confusion persists as to how the new instrument will trade compared with straight bunds. Because the fund is borrowing under its own under its own name, rather than that of the West German Govern ment, it is expected to trade at a higher yield, though dealers were yesterday revising the size of the differential downwards to under 10 basis points. Unlike the German railways

and the postal authorities, the Unity Fund paper carries an explicit government guarantee. Moreover, while Liffe had said

that unity bonds would not be deliverable into its September and December contracts, dealers are now hoping the exchange will change its mind, a move that would improve trading condi-tions and hence narrow the spread between the two sorts of

Siemens to get 91% of **Nixdorf voting shares**

By Andrew Fisher in Frankfurt

STEMENS, the West German electrical and electronics group, will have 91 per cent of the voting shares in Nixdorf after a capital increase later this year by the loss-making computer manufacturer before the full merger of the true communics.

the two companies.
It already holds 51 per cent, after the rescue takeover agreed in January. Siemens' stake will be increased in line with the valnation of the assets it will put into the new merged operation, to be called Siemens Nixdorf Informationssysteme, when it comes into being on October 1. Siemens said the assets of its profitable data and information systems division had been valued

at DM7.1bn (\$4.30bn) against DM3bn for those of Nixdorf. Nixdorf's last annual meeting on August 23 will decide on a capital increase to create new shares

which Siemens will take in exchange for assets. Slemens will then own voting stock with a nominal value of DMI.46bn with two trusts. The Nixdorf family will still hold stock worth about DM137m. Siemens does not intend to buy the quoted preference shares, quoted yesterday at DM310. Of the combined voting and preference stock, Siemens will own 78 per cent. Siemens' turnover in data and

information processing in its financial year to September 30, 1968, was DM5.4hn, with an order inflow of DM6hn. Net profits of the division totalled DM252m. In the first eight months of 1989-90, turnover rose by 29 per cent and should total at least DM7bn for the whole year. Last year Nixdorf made a loss of DML07bn on turnover of DMS.3bn. Lex, Page 14

ing corporate customers to Foxboro's demonstration centre in Massachusetts reads. "I try to take one day at a time but lately several days have attacked

he wry message welcom-

The US manufacturer of process controls has every reason to feel gun-shy. Over the past eight years, it has battled and nearly succumbed to bad markets, indifferent management and trouble-some technology.

But just when it was beginning to win, it decided this spring it was too small to survive alone in a consolidating global industry. To improve prospects, it agreed last week to a \$656m bid from Siebe, the acquisitive UK engineering group.

The acquisition is significant

for Siebe because it will give the company a comprehensive range in controls. "Foxboro plugs a gap in our product and engineering arsenals," says Mr Barrie Step-hens, the Siebe chief executive who has masterminded its growth over the past five years. Siebe's main activities are in

environmental controls, automo-tive controls, speed governors and controls for domestic appli-ances and air conditioning systems. By acquiring Foxboro, the company will move into controls for heavy industrial pro-cesses in chemicals, oil and gas, and pulp and paper.

Analysts and investors have accepted Mr Stephens' pitch that the purchase should give Siebe the range to match larger compa-nies such as Honeywell of the US, Asea Brown Boveri of Europe and Yokogawa of Japan. Without an acquisition in a

new area of activity, Siebe would not have been able to maintain the rapid growth of the last five years, which has taken turnover from £212m (\$373m) in 1985 to about £1.4bn this year. While Foxboro has made great

progress in rebuilding its bat-tered business over the last few years, Mr Stephens acknowledges more work remains to be done. Siebe has a record of squeezing higher returns from US acquisitions. Since 1986 it has spent about \$890m on acquiring three US controls companies, Robertshaw, Ranco and Barber Coleman. man. Analysis believe the poten-tial gains at Foxboro could match the performance of CompAir, acquired in 1985, when it made profits of £1.7m on sales of £216m. Last year it made profits of £30m on sales of £255m. Foxboro too is a considerable cash generator, but at low margins of about 4 per cent. If Mr Stephens can get Fox-boro's margins up to the 10 per cent level which prevails in the

rest of the group it should become a handsome earner. Siebe has taken a short-term risk to make the acquisition. Gearing will rise from 32 per cent to 105 per cent. To ease the financing burden, Siebe may float a quarter of its US activities to raise perhaps 2200m. But more important than the financial risk is the managerial gamble. Mr Stephens is confident that a familiar diet of higher prices, more efficient manufacturing,

Siebe 1500 Pre-tax profits 1250 Barrie Stephens

A big bite for Siebe to chew

Charles Leadbeater and Roderick Oram look at the group's \$656m purchase of Foxboro

tight financial management and much lower stock levels should turn Foxboro around. But Fox-boro will be Siebe's toughest challengs yet. Has Siebe bitten off more than it can chew?

Founded in 1908 in the town of Foxboro, an hour's drive south of Boston, the company grew into a relatively small but distinguished maker of controls. It was particularly strong in oil, gas and petrochemical processes, prospering hugely on a capital spending boom in those industries in the US and Middle East from the late 1970a until 1982.

About 10 years ago it moved into its current headquarters on a magnificent wooded campus. But even now the premises are still a bit big for it following the collapse in demand for its products in 1982. Only this year might sales top the \$507m peak of 1981. For three years, management waited for a rebound. "In hind-sight we reacted very slowly," sight we reacted very slowly," says Mr Gary Willis, Foxboro's chief executive since 1988 and its US sales manager from 1979 to 1982. "We believed some eco-

nomic reports that the upturn was just around the corner." Finally, in late 1985, it began a drastic restructuring. Problems ran far deeper, though, than the need to cut capacity to meet shrunken demand. While we were waiting, our competitors

around the world had become more energetic. They had developed better products and offered better service," Mr Willis says.

Restoring Foxboro's competi-tiveness "required not only changes in strategy but also in every damn system we had in the place." Product development, manufacturing, marketing, cus-tomer service and many other functions were all overhauled.

The key to survival, though, was to take a huge technological leap into a far more advanced computer-based controls system, one that could leapfrog rivals products. A small taskforce began work in 1982 "to define the markets" made through the present began work in 1882 to define the markets' needs through the rest of the century," says Mr Willis.

In 1984, the tasm "made some very courageous technological bets" well shead of the conventional wisdom of the time. It said its new system should incorporate features such as: I'mix any any and the story and the same and the same system and the same and the rate features such as: Unix, an open operating system rather than a proprietary one; industry communications standards; dis-

architecture; relational databases; and surface mounted components on its circuit boards. These features were crucial for making the new product range, dubbed the Intelligent/Automation (I/A) Series, an open system that could incorporate other

ments such as better microprocessor chips from Intel and more advanced Unix software from American Telephone and Telegraph, its originator.

Development of the system began in earnest in January, 1985, and the first I/A products were hustled into the marketplace in early 1987, so great was Foxboro's need to replace its obsolescent products. Foxboro admits it was a terrible mistake to rush such a big project. Manufacturing of the advanced technology products suffered from poor quality and cost over-runs. "The first two years in the fac-tory were a blur," says one plant manager closely involved with

sorting out the problems.

Worse was to come on soft-ware. Glitches plagued the sys-tem until this spring. Only then did I/A installations perform as originally specified to customers. Foxboro says it spent some \$250m developing I/A and another \$50m-\$100m getting it right after the launch. It will not say how much it spent on remedial work on more than 1,000 systems installed before the prob-lems were fixed. One executive says warranty costs increased 10

As a result, the company reported losses for the last two quarters of 1969 and the first of this year and cancelled its first-quarter dividend, hastening the need to find a buyer.

Heads rolled. A number of senior executives have left the company in the past two years, including the vice presidents of technology and manufacturing. Their replacements came from outside the company - the former, Mr Ernoe Csaky, from a division of Emerson Electric, and the latter, Mr Stanley Shaffran, from Elack and Decker. The biggest challenge for me was to institute a highly-disci-

was to institute a highly-disci-plined development environ-ment," says Mr Csaky. "I'm not aware of any installations" now performing below specifications, he says. Siehe and other compa-nies that looked hard at Fornoro say they are satisfied it has over-come its technological problems. Still, much work remains to be done. A new version of the soft-

done. A new version of the software, due later this year, for example, will allow users to bring data onto their computer screens much faster. The system is also scheduled to switch from Intel's 80286 chip to the more powerful

80386 chip later this year.
Analysts say Foxboro must expand its range of industry applications and incorporate some of Siebe's controls in its I/A platform. It must also rebuild its reputation for quality and its relations with its customers. To earn a decent return for Siebe which is paying some 80 times forecast 1990 earnings for Fox-boro – and to generate enough money for further development, it must cut costs while trying to raise its prices in a highly competitive environment. All this amounts to a tall order

for Foxboro and Siebe's manage-ments. After eight years of strug-gling there will be no breathing

Saatchi sells management consultancy in US for \$70m

SAATCHI & SAATCHI, the struggling communications com-pany, has reached conditional agreement to sell Gartner Group, one of its US management con-sultancies, to Information Part-ners, a US investment fund, for

Gartner, which specialises in computer services, was one of the largest companies bought by Sautchi in its ill-fated diversification into management consult-

has been trying to organise a buy-out for the business since Sastchi put its consulting division up for sale last summer. The management found it diffi-cult to secure funding because of the depressed state of the US

Saatchi has agreed terms to

ners, which is backed by Dun & Bradstreet, the market research group. Mr Robert Louis-Dreyfus, who became chief executive of Saatchi in January, sold IMS International, a pharmaceutical research company, to Dun &

Bradstreet in 1988. Information Partners specialises in information industry management buy-outs. Its backers include Bain Capital, part of the Bain consulting group, as well as Dun & Bradstreet.

ner's staff and plans to offer them 25 per cent of the equity. Mr Gideon Gartner yesterday

cash and \$15m as either a subor-dinated promissory note or exchangeable preferred stock on completion.

This means that Saatchi will meet its target of raising 280m (\$142.36m)(gross) from disposals this year. The net proceeds of the disposals (£65m after expenses) of Gartner and Hay, which was sold last month, should reduce Saat-chi's year end debt from £260m (\$458m) to £195m. Saatchi's shares rose by 1p to 85p yester

day.

There are now three consultan-cles left within Saatchi. The sale of Litigation Sciences for about 25m should be completed by the end of the group's financial year which is on September 30. The two remaining consultan-cies, MSL and CPC, are likely to

be kept until the condition of their markets, recruitment and

Northwest considers Eastern bid

By Roderick Oram in New York

NORTHWEST Airlines is exploring a bid for fellow US carrier Eastern Air Lines. As a first step, it will meet soon with officials of the country's militant machinists union.

Co-operation of the International Association of Machinists will be vital to any transaction. A strike by its members, running since March, 1989, drove Eastern to seek Chapter 11 protection from the bankruptcy court.

"Everything is just exploratory at this point," said Mr James Conley, a union spokesman. "We would welcome anybody who was determined to put the airline back on its feet."

The union is the largest at both airlines, representing about 20,000 employees at Northwest NWA, parent of Northwest, indicated an interest in acquiring

"It's fair to say we have our eyes open," Mr Al Checchi, NWA's chairman who led a group of investors in a \$3.65bn buy-out of NWA last year, said two weeks ago at a press conference. Northwest is the fourth largest

US carrier and Eastern the seventh. Eastern's prime attraction would be its route hub at Atlanta's main airport where it controls 47 gates. Eastern's strength in the southeastern US would help feed NWA's small but expanding

transatlantic routes and complement Northwest's strength in the midwest, northwest and across But Eastern is a deeply trou-

reserves and faces a \$95m payment to creditors in September.

Earlier this year, the court took away the right to devise a restructuring plan for Eastern from Texas Air, the holding company run by Mr Frank Lorenzo and recently renamed Continental after its other airline subsidiary. New court-appointed management led by Mr Martin Shugrue is due to present its own plan to creditors later this

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The Gartner management team, led by Mr Gideon Gartner, the founder of the consultancy, Information Partners hopes to secure the participation of Gart-

held his first meeting to discuss the deal with Mr Stephen Pagliuca, managing general partner of Information Partners, at Saat-chi's headquarters, in London. Mr Pagliuca said their discus-

sions were positive. Saatchi, which bought Gartner

had no comment on the pending bled airline with an aging fleet talks although in the past it has and fraught labour relations. It and fraught labour relations. It continues to consume its cash

> Judged by its past performance, Northwest could have difficulty absorbing Eastern. It had big problems merging the operations of other carriers it has taken over, most notably Repub-

Spanish textile producers start to feel the pinch

SPAIN'S highly fragmented textile producers, once one of the country's most virile industrial sectors, are beginning to show serious signs of wear and tear as growing imports, high interest rates and tight credit begin to bite.

Centred traditionally around Barcelona, where about a thousand mainly small companies employ more than 35,000 people, the sector has had a run of bad luck recently from a mys-terious outbreak of fires, which last year destroyed 33 plants, to a wave of bankruptcies in the first half of 1990.

This week one of the sector's largest fabric finishers, Proceso y Acabados Textiles, closed with debts of more than Pta2bn (\$20m). It was the 48th bankruptcy in the textile sector this year though so far things have not become as bad as 1988.

Although the closures make only a small dent in the total number of operatives in the sector it is becoming increas-ingly clear that, apart from

Salzgitter and Preussag merger

PREUSSAG said it would completely merge its business with that of the former stateowned engineering group Salz-

gitter, Reuter reports.
Preussag took over Salzgitter last October, but the two firms have remained separate enti-

Mr Ernst Pieper, management board chairman of both firms, told the Preussag annual meeting that the two business would be merged into Preussag on September 30. Thereafter, Salzgitter would exist only as an intermediate holding com-pany. Preussag opted for a full merger for tax and accounting

Mr Pieper said Salzgitter would later become a limited liability firm holding Salzgitter's property assets and sub-sidiaries. Despite the large size of the merged company, the management board had no

divestment plans, he added. It would aim for internal growth. Starting this year, Preussey's business year will end on September 30, in line with Salzgitter's business year. It previously reported results on a calender veer besis.

large well capitalised producers or smaller ones in value-added niche markets, the highly individualist industry is not coping that well with Spain's entry into the Euro-

Peter Bruce reports on the industry's growing problems

The Spanish have been forced to accept a dramatic drop in import tariffs, since joining the EEC in 1986 - from 14.4 per cent then to 6 per cent this year, according to the industry association, Intertextil. Imports, also boosted by the strength of the peseta, have more than trebled since the end of 1985 to some 480,000 tonnes last year while exports have managed only a 4.5 per cent increase in volume terms, to 163,300 tonnes in the same time. In the first quarter of this year, imports rose 29 per cent

with Spain managing to export only 10 per cent more.

The sector was helped through its last crisis, in the early 'eighties, by a massive Government restructuring Government restructuring scheme but the European Commission is unlikely to allow a second flow of sid to the sector very soon. Instead, the Government is pressing producers to merge. "Competitors are not always enemies," Mr Fernando Panizo, a senior Industry Ministry official said this week. "The problem is not that imports are growing but that

imports are growing but that imports are growing but that we are incapable of exporting."
Although the outgoing president of Intertextil, Mr Miguel Bosser, warned the same meeting that you cannot make categorously estatements about the ing that "you camot make cat-astrophic statements about the whole industry," Mr Panizo said Spain exported only 8.4 per cent of the value of textiles it produced. According to a Ministry study, he said, 80 per cent of producers said they had difficulty exporting because they could not speak other lan-

Daimler-Benz dissatisfied with operating results

DAIMLER-Benz, West Germany's largest industrial group, said it was dissatisfied with its current operating results, but by 1992 the results should once more be satisfied.

tory, Reuter reports. "Compared with our tradi-tional yardstick we are not satisfled with our current operat-ing results," Mr Edzard Reuter, management board chairman meeting yesterday.

However, he said the recent

restructuring should soon pay off and it would not be long before these results were again satisfactory.

Last year Daimler's group net profit, including extraordinaries, rose to DM6.81bn (\$4.12bn) from DM1.7bn the

On a comparable basis, how-ever, group net profit was about unchanged at nearly

Earnings Were boosted DM6.5hn in 1989 by the adapta-tion of new accounting rules

but this was offset by

extraordinary charges of DM1.4bn. Mr Reuter told shareholders

that part of the reason for the disappointing earnings last year were weak domestic sales of diesel cars, currency fluctuations, expenditures on the development of new car models and earlier quality problems. He added that AEG, Daim-ler's electronics unit, still had not completed preparations to

nter new markets. Daimler's aerospace unit Deutsche Aerospace (DASA), also had large investments in connection with the development of the new Dornier 222 aircraft, Mr Beuter said. However, he was not dissat-isfied with DASA's operating

DASA last week said it would make a group profit by 1932 at the latest.

uter said Daimler is boost ing efforts to increase car sales to counter lower sarnings due to the strengthening of the D-Mark against significant cur-

NEWS IN BRIEF

BEIDGESTONE, the world's third largest tyre maker, is setting up a new, Brussels-based company to co-ordinate Bridgestons and Firestons tyre

operations within Europe, writes John Griffiths. The company, Bridge-stone/Firestone Europe, will have responsibility for 19 have responsibility for 19 Bridgestons and Frestone production and sales companies in Europe. The manufacturing companies have a combined capacity of around 65,000 units per day.

Bridgestone, Japan's largest tyre manufacturer, surprised the world tyre industry by out-hidding Pirelli to acquire Pirestone Tire and Rubber — the second largest US tyre maker

second largest US tyre maker - for \$2.6bn two years ago.

The new company will have responsibility for the overall management — and eventual integration - of production, distribution and sales of the

■ Nestlé, the Swiss food and consumer products group, has reached a series of co-operation agreements for produc-tion of goods for sale in East

Germany, AP-DJ reports.

The contracts with East German factories provide for the manufacture of products that Nestle will distribute in Dast Germany under its own brand.

Nestlé afficials estimate sales in the medium term in East Germany could amount to the equivalent of around SFr450m (\$830m). About 1,000 East German workers will be employed under the deals.

• Georg Fischer, the Swiss engineering group, said it would allow all shareholders to own up to 10,000 registere shares each in future. Swiss shareholders could previously

own up to 4,000 registered shares, and foreigners 400,
Fischer said, however, that it would cause registering foreign buyers of its registered stock, if this was necessary to embree a company statute that foreigners should not own more than 50 per cent of the

Mayne Nickless, an Austra-lian transport-based group, has bought full control of two Spanish security services companies for an undisclosed

They are Commercial International de Seguridad (Cin-sesa), which supplies alarm systems, and GMIC Seguridad, which operates guard services.

Elf-Aquitaine expansion quickens

William Dawkins reports on the plans of the company's new leader

If Aquitaine, the flag-ship of France's state-owned oil industry, has been making larger waves than usual over the past year. Much of this is due to the

influence of the new man at the helm, Mr Lolk Le Floch Prigent, a tough 47-year-old Breton who took over at the world's ninth largest oil group almost 12 months ago, who now vows that his hig aim is to

now vows that his hig aim is to boost Elf's share price.

He has wasted no time in adding to Elf's oil and gas reserves and expanding internationally in refining, chemicals, and pharmaceuticals, placing Elf at the forefront of the international acquisitions being made by france's appresbeing made by France's aggressive state-controlled industries. Elf's shares have risen some 40 per cent to around FFr664 since the turn of the year -touching a high of FFr740 last month - as a result. But Mr Le Floch Prigent is not satis-

fied. On a prospective price earnings ratio of 8.45, Elf is still one of the cheapest of the world's oil majors, a valuation that Elf executives fears comes from investors' misplaced uncertainties about the state's role as a 56 per cent share-holder through the govern-ment holding company, Erap. "We are not a state-owned

company . . . We have 400,000 public shareholders and so we have the same criteria as any other quoted company," insists Mr Le Floch Prigent, in his spartan office on the 44th floor of Elf's mirror-clad tower block. He admits, at the same

time, that having a majority state churcholder is a boon. "It's an asset on the one hand to have a shareholder in whom we can have confidence, and on the other to be on the market like other companies with the same rules of behaviour as BP, Shell or Exxon with whom we are in competition."

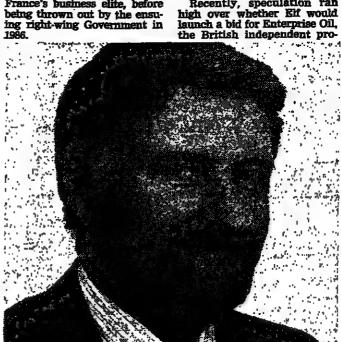
The bearded and straight-

talking Mr Le Floch Prigent cuts a refreshingly unusual fig-ure among France's smooth business elits. While many of his peers were drawn from the cream of the Grandes Booles the state higher education bodies that produce many of France's political and indus-trial leaders — Mr Le Floch Prigent graduated from the relatively unknown Institut National Polytechnique de Grenoble and the University of

After a succession of civil the heart of this former chairservice jobs, his appointment as chairman of the newly nationalised Rhone-Poulenc

self a fine reputation among France's business elite, before

raised eyebrows among those who alleged that he was a political appointee of the Socialist party, had no business experience and was dangerously close to the trade In the end, he confounded his critics by engineering an impressive turnround at Rhône-Poulenc, winning him-



Loik Le Floch Prigent: aims to raise Eif's share price

and his Socialist ties, is exactly why this Socialist Government picked him to take over from Mr Michel Pecqueur, the for-mer chairman who was involved in an abortive privatisation plan for Elf under the right-wing administration. As a former industrial policy

adviser to the Administration, Mr Le Floch Prigent can hardly be expected to challenge the notion of state-ownership -indeed he defends it blundly. While the basic shape of Elf is not changing much, the com-pany is moving faster than ever under the firm band of Mr Le Floch Prigent, with an increasing concentration on man of Rhône Poulenc.
In oil and gas, Elf has bought acreage in Nigeria, taken over the exploration and

production interests of BP France and acquired new areas in the Norwegian sector of the

To cap it all, Elf last month became the first western oil company to strike an explora-tion and production deal in the Soviet Union, the fruit of a instaking negotiation started last September.

Recently, speculation ran



er to the Administration, chemicals, an industry close to argues Mr Le Floch Prigent.

His record at Rhone-Poulsne, ducer in which it holds a 25 per cent stake. Mr Le Floch Pri-gent refuses to be drawn, beyond revealing that Elf is debating whether to reduce or

increase its stake.

"We aren't here to make purely financial investments. We haven't made any decision, but what interests me is who it is possible to do that will be best for our business," he says. He scoffs at suggestions that an acquisition of Enterprise by Elf would amount to the nationalisation of a privatised British company by France. "When we make an acquisition, we don't nationalise it. Nobody would think of saying the same thing about BP,

even more busy. Mr Le Floch Prigent was convinced right from the start that he wanted to expand Elf's activities in fine chemicals through its Ato-chem offshoot and pharmacenticals through its Sanofi subsidiary, a pattern followed by several of his competitors in search of a balance to their volatile oil earnings.

Last July's \$1.05bn takeover of Pennwalt, the US chemicals group, was his first shot in that direction, followed by the acquisition of the petrochemi-cals and fertiliser activities of Orkem, the French state

owned chemicals group.

The Orkem deal was the main feature of a reorganisation of France's state-owned chemicals sector, resulting from a confidential report written by Mr Le Floch Prigent shortly before joining Elf warning that the industry lacked the critical size to compete adequately on the world stage. The fastest growing parts of Orkem, the Bostik adhesives

businesses and Coates in ink, were sold to Elf's counterpart in the state oil sector, Total. Which company came best out of the division of Orken is a matter of debate, although it is no secret that Mr Le Floch Prigent fought long and hard over Orkem with Mr Serge Tchuruk, the equally tough chairman of Total. The two men are flerce rivals, since Mr Tchuruk, at 52 slightly older than the Elf chairman, was Mr Le Floch Prigent's number two at Rhône-Poulenc before

becoming chairman of Orkem. It says something about this Socialist Government's attitude to industrial policy that It has chosen two such strong personalities to take charge of its two oil companies. They contrast sharply with the dis-creet styles of Mr Pecqueur and of Mr Tchuruk's predecessor at Total, the statesmanlike Mr François-Xavier Ortoli. France's two oil barons are

far too canny to criticise each other. Mr Tchuruk did tell a meeting of analysts recently that they should not assume that Rif would take over Total in any restructuring of the French oil industry - that it could be the other way round. Such a merger is not on the cards at the moment, but Mr Le Floch Prigent would not agree with the analysis of his former number two.

Well equipped for the future

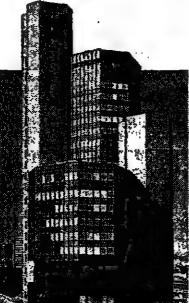


For Hessische Landesbank, 1989 was yet another successful year, marked by moderate growth in business and income and an expansion of its equity base.

The balance sheet total rose 1.6% to DM 76 billion. The business volume also increased L6% to DM 78.1 billion. As in previous years, the emphasis in lending was on long-term fixed-rate credits which advanced to DM 35.3 billion from DM 34.8 billion.

The Bank's own mortgage and municipal bonds outstanding reached a volume of DM 31.2 billion. After extensive risk provisions and taxes on income and assets, the Ronk posted a profit of DM 26 million which will be used to distribute an

unchanged dividend of 5% to shareholders. Following the issue of participation certificates worth DM 265 million, Hessische Landesbank's liable funds, including an unchanged capital of DM 530 million, now amount to DM L7 billion.





Financial Highlights	1987	1988	1989
		DM million Dec. 31	<u> </u>
Business volume	73,606	76,835	78,085
Balance sheet total	71,532	74,761	75,964
Total credit volume	54,778	56,109	56,799
Short-term assets	18,589	20,627	21,398
Due from banks	13,490	15,742	16,386
Due from customers	5,099	4,885	5,012
Long-term loans	33,717	34,818	35,323
Loans to banks	6,928	7,700	8,653
Loans to customers	26,789	27,118	26,670
(Municipal loans)	(17,405)	(17,503)	(16,851)
Short-term liabilities	17,765	20,104	22.206
Long-term liabilities	5,672	6,158	6,314
Bonds Issued	32,702	32,799	31,239
Capital and reserves	1,396	1,426	1,691
Net income	26	26	26

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Bernard Simon examines the recent flurry of exchange activity among Canada's oil and gas producers

HILE western Can-ada's best-known stampede is the boisterous rodeo, wagon racing and pancake breakfast festival which is pulling in the crowds in Calgary this week, a less noisy stampede is also taking place among the region's

energy producers.
It is hard to find a company which is not buying, selling or restructuring at least some of its oil and gas properties. Mr Frank Sayer, president of Sayer Securities, a Calgary corporate finance boutique spe-cialising in oil and gas deals, estimates that by the end of June, almost 40 companies had some C\$4bn (US\$3.4bn) worth of assets on the block, compared with 26 companies selling some C\$2.7bn in properties just three months previously.

Conversely, each fortnightly
bulletin published by Investment Canada, the Govern-ment's foreign investment watchdog, is peppered with names of foreign buyers of oil

and gas properties.

The latest bulletin includes the purchase by Chevron Can-ada Resources of a number of Alberta oil and gas leases from Esso Resources, an Exxon sub-

T WOULD seem a strange time to make a foray into

the US jewellery market, when sales are anything but glittering.

But earlier this week Rat-

sick," according to Mr Kenneth

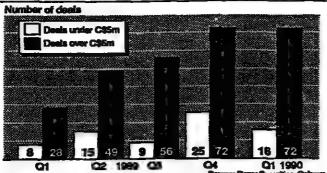
aidiary; and an investment by a Texas company, Aviva Petro-leum, in Red Cliff Energy, a small Calgary exploration and development company.

The flurry of activity is reflected in a musbrooming of the middlemen who make a liv-ing by bringing buyers and sellers together. Ebco Interna-tional, a group specialising in tional, a group specialising in auctions of oll and gas proper-ties, held the first North American auction with reserve prices in Calgary last February, with nine sellers putting 102 properties up for sale. Ebco aims to put about 120 items under the hammer at its next auction in September.

Much of the deal-making is part of a general belt-tighten-ing in response to stagnant prices and tighter margins. "People recognise that they can't be all things to everybody," says a strategic plan-ning executive at one large producer. "Companies are now focusing on their strengths." Thus, many of the assets put up for sale are minority interests in oil and gas fields which do not fit into revamped corpo-

Two of the most active self-ers are Amoco and Esso

Western Canada: oil and gas deals



Resources, which are rational-ising their interests in the wake of the Canadian oil industry's two biggest take-

Amoco is in the process of selling some of the 20,000 properties in which it gained an interest three years ago when it bought the faltering giant of the western Canadian oil industry, Dome Petroleum. Similarly, Esso is spinning off some of the assets it acquired when its parent company, Imperial Oil, bought Texaco Canada required the buyer to divest some businesses as a takeover. Some properties have been

put up for sale by mining and industrial companies tess to get out of the oil business.
Three mining groups, Placer
Dome, Teck Corp and Denison
Mines, as well as Domiar, the forestry company, have been among the sellers. At the risk of generalising, the hig companies - such as Esso, Shell, Amoco and Petro-

ulative properties in eastern Alberta and Saskatchewan to more junior companies.

The action is by no means over. Several of the partners in the big Syncrude oilsands project in Alberta are looking for

buyers for their shares. Petro-Canada is selling off an estimated C\$350m worth of assets absed of its privatisa-tion. BP Canada, Gulf res and Home Oil are all in the midst of corporate restructurings likely to involve

Canada - appear to be concen-trating their efforts on western

Alberta, leaving the more spec-

carlosting of priorities.
Carlosting centres on Husky
Oil, jointly owned by Nova
Corp of Calgary and Mr Li
Kashing, the Hong Kong magnate. Nova has said that it is examining its 43 per cent stake in Husky, and rumours in Calgary suggest that Mr Li may also be thinking of reducing his interest in the company. The buyers cover a wide spectrum. Fletcher Challenge of New Zealand made its first

foray into the north American energy industry earlier this year by paying CIIIam for four sizeable gas fields, an oil field and a number of exploration properties in the Provost area of Alberts. OMV, the Austrian oil company, has set up an office in Calgary and spent C\$100m on three fields put up for sale by Esso.

Stagnant oil prices, com-pounded by a strong Canadian dollar, have made acquisitions more attractive for many cominies than spending heavily from cash flow on speculative exploration and development.

A coording to the Canadian Petroleum Association, the 5,804 wells drilled in Canada last year were the lowest number in more than a decade, less than half the number drilled in 1985 and 35 per cent fewer than in

Mr Hans Maciej, CPA vice-president, says the industry will have "a tough time" this year even matching 1969 drilling activity. Besides, thin margins, an unusually early spring thaw followed by several weeks of rainy weather has curtailed drilling programmes. "We're no longer an industry that will drill 10,000 wells a year," Mr Maciej says. "There just isn't the money around."

Lufthansa reports disappointing results

LUFTHANSA, the 51 per cent state-controlled West German airline, has recorded "disappointing" earnings for the first quarter of 1990, Mr Heinz Ruhnau, chairman, said yesterday, agencies report.

He told the annual shareholders meeting in Duisburg, that the company was taking action to buoy profitability in the remainder of the year. "Whenever the financial results do not go according to plan, then swift and decisive counter measures must be taken," he said.

Mr Ruhnau did not disclose any first-quarter financial data. He reiterated suggestions made in May that the first quarter was weak.

He noted that fuel costs, although stable, had remained relatively high, while the impact of the firm D-Mark against the dollar had negatively affected currency translations

The company had also been facing rising operating costs and the negative impact of significant flight delays, especially in its European network, had hurt profitability.

Mr Ruhnau noted that Luft-

hansa planned to spend about DM10bn (\$6bn) on capital out-

of 1992 to fund its global expan-sion, especially as the Euro-pean arrine market was dere-

Current plans, he said, were to step up Lufthansa's fleet by a third to 266 aircraft from about 200 aeroplanes at pres

Separately, Swissair said cost-cutting measures introbusiness in the early part of the year were starting to bite. Swissair froze new hiring, restricted staff travel and expenses and began to review routes that could be dropped after failing to improve its below-target traffic and reve-

May costs rose 6 per cent from May 1989 against income growth of 5 per cent. In the year to April, costs had risen 10 per cent while revenues grew only 3 per cent. Swissair said the improvement in the cost/revenue ratio was at least sufficient to offset

the negative effect of currency It showed that "corrective measures initiated in March. and augmented in May are now starting to take

Changing setting for US jewellery

Karen Zagor looks at a retailing sector after Ratners' \$412m bid

ners Group, the UK jewellery retailer, doubled its US pres-First Securities in Virginia.
This year, US jewellery sales are expected to be flat at about ence by adding 494 stores when it bought Kay Jewelers in a deal valued at \$412.2m. The UK company already owns 473 Sterling stores in the US. \$22bu, according to Mr Michael Roman, chairman of Jewelers of America. But it is difficult to keep track of businesses in the fragmented world of US jewel-Industry sales in the US have not grown since 1988, after years of returning a lery retailing and the figure is a very rough estimate. Only about 3,000 of the estimated healthy annual growth rate of about 10 per cent. The problem is that jewellery sales rely entirely on disposable income and are particularly sensitive to cyclical changes in the econ-61,000 US jewellery stores belong to public companies. The remainder are small, "mom and pop" operations.

If Ratners succeeds in acquiring Kay, the two biggest US jewellery chains will be in At the moment, sales "are comewhere between soft and

foreign hands. Canada's Peo-ples Jewellers already controls about 10 per cent of America's jewellery sales — the biggest share of the US market —

through its 2,000 Zele and Gordon Jewelry stores.

Overall sales may be slow, but the relatively cheap US dollar can make acquisitions cheap for foreigners. In addition, big companies such as Rainers and Peoples, have the expertise to cut over-heads by consolidating com-

puter and inventory control

systems. Ratners is well regarded for its sophisticated technology which allows it to

replace fast-selling items Foreign jewellery companies are also attracted to the US by

the buying pattern of Americans, which is not as concentrated at Christmas en it is in most of Europe. Although is m most of Kurope. Although the bulk of sales and profits are rung up over Christmas, Americans have proved singu-larly susceptible to the combi-nation of sentiment and com-merce and tend to spend heavily on Mother's and Father's days, in May and June. When there are also a June, when there are also a high number of weddings. Furthermore, the US is the world's

According to Ma Meredith Adler, an analyst at First Boston, jewellery does not fall nearly into the retailing category, since it is primarily a gift item and is generally immune to fashion trends.

Rathers has been accomed of acting rashly in its Kay acquisition because of the US company's bad debts. Kay's bad account write-off were about 7.5 per cent at the end of December, compared with 3.4 per cent at Zales and 2.5 per cent at Sterling.

Kay yan into difficulty. Kay ran into difficulty.

according to Mr Roman, because its credit policy was too loose. "It's OK to say OK," was the company's motto. When the economy started to weaken, Kay was left with a growing number of bad credits. Rathers is unlikely to be as the say of the s liberal with credit.

Although Ratners has said it would like to increase its US market share to 10 per cent from about the 6 per cent it will achieve with the Kay purchase, expansion through acquisition will be difficult. The only remaining hig jewel-lery chain is Barry's, a troubled west coast operation with about 216 stores.

Analysis believe the existing US chains will probably grow, but the general consensus is that they will never usurp the dominance of the family busi-

Campeau misses second deadline to find C\$40m

By Robert Gibbens in Montreal

MR ROBERT CAMPBAU has missed a second deadline to come up with C\$40m (US\$34m) needed to regain control of Campeau Corporation from National Hank of Canada.

The bank says talks are con-tinuing with Mr Campeau and he could be granted another

Mr Campeau owed the bank the \$40m as first instalment of a \$80m payment due on June 36. It would allow him to regain control of 13m common shares of Campeau Corp and 4m preferred shares. He for-feited the shares and a \$60m convertible debenture in January after defaulting on a \$150m personal loan from National

The bank said whether Mr Campeau wins a further exten-sion will depend on negotiations Campeau Corp is having with its two main creditors, Edward J. DeBartolo Corp and Olympia and York Develop-ments. The outcome might be known later this week, it

The bank also said it is satisfied with the first-quarter results of Campeau Corp's two hig US retailing groups.

Notice of an Adjourned Meeting of the Holders of

Bond Finance (Exchangeables) Limited

£103,850,000 6 per cent. Guaranteed Exchangeable Bonds due 1998 Exchangeable into Ordinary Shares of Allied-Lyone PLC and guaranteed on a subordinated basis by

Bond Corporation Holdings Limited (the "Guarantor")

NOTICE IS HEREBY GIVEN that an adjourned Meeting of the holders (the "Sondholders") of the above-mentioned Bonds (the "Bonds") constituted by a Trust Doed dated 6th July, 1988 (the "Trust Doed") and made between the Issuer, ords (the "Bonds") constituted by a inter Deed dated the July, 1993 (the "trust Deed") and make brewen the soule; e Guaranter and Benkers Trustee Company Limited (the "finishee") will be held at 12.30 pm (London time) (or, if late, imediately after the conclusion of the adjourned Meeting of the holders of the £125,000,000 6 per cent. Guaranteed changeable Bonds due 1988 of Bond Finance (Europe). Limited, on 19th July, 1990 at 1 Northumberland Avenue, pladger Squara, London WC2N 5BW for the purpose of considering and. If thought fit, passing the following draordinary Resolution which was the subject of a Notice of Meeting dated 6th June, 1990 published in this waspaper on that date and which gave notice of a Meeting of Bondholders to be held on 25th June, 1990. At such beiting a quorum was not present and it stood adjourned to the time and place mentioned above, as designated by the national of the Meeting and approved by the Trustoe:—

Moeting a quorum was not present and it stood adjourned to the time and place mentioned above, as designated by the Chairman of the Meeting and approved by the Trustee:—

EXTRACHDIMARY RESOLUTION

THAT this meeting of the holders of the \$103,850,000 6 per cent. Guaranteed Exchangeable Bonds due 1996 (the "Bonds") of Bond Finance (Exchangeables) Limited (the "leasur"), exchangeable brito Ordinary Shares of Alface Lyona PLC and guaranteed on a subordinated basis by Bond Corporation Holdings Limited (the "Guarantor"), constituted by a Trust Deed (the "Trust Deed") dated 6th July, 1968 and made between the leasur, the Guarantor and Bankers Trustee Company Limited (the "Trustee"), hereby:—

(i) waives and authorises any breach or proposed breach by the leasur or the Guarantor of the covenant by the Guarantor contained in Clause 19(C) (8) of the Trust Deed that may arise as a result of the sale by the Guarantor of 80 per cent. of the Issued ordinary share capital of Bond Brewing Holdings Limited ("88H") to Mancher Holdings Pty Ltd., a wholly owned subsidiary of Bell Resources Limited, on the terms more particularly set out in the Information Memorandum dated 6th June, 1990 prepared by the Guarantor and produced to this Meeting (a copy of which has been initialled for identification by the Chairman of the Meeting) (or such terms as from time to time modified or amended (including by way of novation to a different purchaser of the agreement relating to such sale) provided that the Guarantor shall have produced that its sudfors for the time being shall have certified to the Trustee in form and marmer acceptable to the Trustee that any such modification or amendment or novation shall have no greater impact on the ability of 88H or any of its subsidiaries to make payments or otherwise to make anyments or otherwise to finate indication, variation, compromise or arrangement in respect of the rights of the holders of the Bonds and the c

or approved necessary to energie the sale as reverse to in (i) above to proceed.

Copies of the information memorandum (the "Information Memorandum") referred to in the Extraordinary Resolution set out above and which sets out details of the beologround to, and reasons for, the proposed amangaments and the Extraordinary Resolution are available to collection by Bondholders at the specified offices of the Paying Agents for the Bonds set out below and will be available at the adjourned Meeting itself. A Bondholder will be required to produce evidence satisfactory to the relevant Paying Agent as to his status as a Bondholder will be required to produce copy of the information Memorandum from the offices of that Paying Agent.

The attention of Bondholders is particularly drawn to the quorum required for the adjourned likewing which is set out in paragraph 2 of "Voting and Cuorum" below.

In accordance with normal practice the Trustee expresses no opinion on the merits of the proposed amangaments.

A Bondholder wishing to attend and vote at the adjourned Meeting in person must produce at the adjourned Meeting either his Bond(s), or a valid voting certificate or valid voting certificates is used by a Paying Agent relative to the Bond(s), in respect of which he wishes to vote.

A holder of Bonds not wishing to attend and vote et the adjourned Meeting in person may either deliver his Bond(s) or voting certificate(s) to the person whom he wishes to either on his behalf or give a voting instruction (or a voting instruction form obtainable how the specified office of any of the Paying Agents specified below) instructions. Bonds may be deposited until the time being 48 hours before the time fixed for holding the adjourned Meeting (or, if applicable, any further adjournment of such adjourned Meeting) but not thereafter with any Paying Agent or (to the satisfaction of the Paying Agent) held to its order or under its control by the Operation of the Euroclear System or by CEDEL. S.A., or any other person approved by it for the purpose of obtaining voting certificates or appointing provides in respect of the adjourned Meeting, is condess of deposited or held will not be released until the earlier of the surrender of the voting certificate(s) or, not less than 48 hours before the time for which the adjourned Meeting (or, if applicable, any further adjourned Meeting) is convened, the voting instruction receipt(s) lessued in respect thereof.

applicable, any further adjournment of such adjourned Meeting) is convened, the voting instruction receipt(s) issued in respect thereof.

Any voting certificate(s) issued, any voting instruction(s) given and any appointment(s) of a praxy made pursuant there to the Meeting of Bondholders convened for 28th June, 1990 will be valid for the adjourned Meeting entertaints, revoked or amended not less than 48 hours before, the time for which the adjourned Meeting is convened. Any Bondholder who, for the purpose of obtaining a voting instruction form or voting certificate deposited his Bond as referred to above, later than 48 hours before the time appointed for holding the Meeting convened for 28th June, 1990 and who consequently was not issued with a voting instruction form or voting certificate will, provided such Bond has not been released, be issued with a voting instruction form or, as the case may be, voting certificate for deep in connection with the adjourned Meeting for passing the Extraordinary Resolution (the "Resolution") set out above is two or more persons present holding Bonds or voting certificates or being prodes or representatives (whatever the principal amount of the Bonds so held or representative them).

Every question submitted to the adjourned Meeting will be decided on a show of hands unless a poil is daily demanded by the Chairman of the adjourned Meeting or the (asser or by two or more persons present holding Bonds or voting certificates or being prodes or representatives and holding or representative shall have one vote. On a poil every person who is so present shall have one vote in respect of which he is a proxy or representative. To be nessed, the Resolution mousins a majority in favour consistantion of not less than the effect of which he is a proxy or representative.

itative. ssed, the Resolution requires a majority in favour consisting of not less than three-fourths of the votes cast If passed, the Resolution will be binding upon all the Bondholders, whether or not present at the adjourned and whether or not voting, and upon all the holders of coupons relating to the Bonds.

AVAILABILITY OF DOCUMENTS

Copies of the Trust Deed may be inspected, and copies of the Information Memorandum, voting certificates and other documents referred to above may be obtained, by Bondholders from the specified office of any of the Paying Agents

PRINCIPAL PAYING AGENT
Bankers Trust Company, 1 Appoid Street, Broadgate, London EC2A 24E

PAYING AGENT'S

Swiss Bank Corporation, 1 Asschemorstadt, CH-4002 Basis.

Bankers Trust Luxembourg S.A., 14 Boulevard F.D. Roosevelt, L-2450 Luxembourg.

Bond Finance (Exchanguables) Limited This Notice has been approved by an authorised person for the purposes of the Financial Services Act 1986. THIS NOTICE IS IMPORTANT. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE THEY SHOULD CONSULT THEIR STOCKBROKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

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Notice of an Adjourned Meeting of the Holders of

Bond Finance (Europe) Limited (the "Issuer")

£125,000,000 6 per cent. Guaranteed Exchangeable Bonds due 1998 Exchangeable into Ordinary Shares of Allied-Lyons PLG and guaranteed on a subordinated basis by

Bond Corporation Holdings Limited (the "Guarantor")

NOTICE IS HEREBY GIVEN that an adjustmed Meeting of the holders (the "Bondholders") of the above-mentioned Burds (the "Bonds") constituted by a Trust Deed dated 90th March, 1988 (the "Trust Deed") and made between the Issuer, the Generator and Barkers Trustee Company Limited (the "Itustee") will be held at 12.00 moon (London time), on 19th July, 1990 at 1 Northumberland Avenue, Trateigner Squere, London WC2N 58W for the purpose of considering and, if thought tit, pessing the following Extraordinary Resolution which was the subject of a Notice of Meeting dated 6th June, 1990 published in this newspaper on that date and which gave notice of a Meeting of Bondholders to be held on 28th June, 1990. At such Meeting a quorum was not present and it stood adjourned to the time and place mentioned above, as designated by the Chairman of the Meeting and approved by the Trustee:-

THAT this meeting of the holders of the £125,000,000 6 per cent. Guaranteed Exchangeable Bonds due 1996 (the "Bonds") of Bond Finance (Europe) Limited (the "leaver"), exchangeable into Ordinary Shares of Alled-Lyons PLC and guaranteed on a subordinated basis by Bond Corporation Holdings Limited (the "Guarantor"), constituted by a Trust Deed (the "Ituat Deed") dated 30th March, 1988 and made between the Issuer, the Guarantor and Bankers Trustee Company Limited (the "Ituatee"), hereby:—
[1] waives and authorises any breach or passented beautiful and a support of the first and authorises any breach or passented beautiful and a support of the first and authorises any breach or passented beautiful and a support of the first and authorises and authorises any breach or passented beautiful and a support of the first and authorises any breach or passented beautiful and a support of the first and authorises any breach or passented beautiful and a support of the first and authorises any breach or passented beautiful and a support of the first and a supp

sed (the "flust Deed") dated 30th Narch, 1988 and made between the leaver, the Guarantor and Bankers Trustee ompany Limited (the "flustee"), hereby:

waives and suffectees any breach or proposed breach by the lasuer or the Guarantor of the covenant by the Guarantor contained in Clause 19(C) (iii) of the flust Deed that may arise as a result of the sale by the Guarantor of 50 per cent. of the issued ordinary stems capital and all of the issued preference share capital of Bond Brewing Holdings Limited ("BBH") to Manchar Hotdings Pty, titd, a wholly owned subsidiary of Bell Resources Limited, on the terms more particularly set out in the Information Memorandum dated 6th June, 1990 prepared by the Guarantor and produced to this Meeting (a copy of which has been initialled for identification by the Chairman of the Meeting) (or such terms as from time to time modified or amended (including by way of novation to a different purchaser of the agreement releiching to each sele) provided that the Guarantor shall have procured that its euclitors for the time being shall have certified to the Trustee in form and manner acceptable to the Trustee that any such modification of amendment or novation shall have no greater impact on the ability of BBH of any of its subsidiaries to make payments or otherwise to make amounts available to the Guarantor than the terms of the proposed sale more particularly described in the Information Memorandum and shall not include any material change in the purchase price of such sale);

santitions every abrogation, modification, variation, compromise or amangement in respect of the rights of the holders of the Bonde and the coupons relating to the Bonds against the Issuer or the Guarantor involved in or resulting from the breach or proposed breach referred to in paragraph (i) of this Recolution; and or approved recessary to enable the sale as referred to in paragraph (i) of the Decolution; and or approved recessary to enable the sale as referred to in (i) above to provide to the Etraordinary Reso

Copies of the information memorandum (the "information Memorandum") referred to in the Extraordinary Resolution set out above and which sets out details of the background to, and reasons for, the proposed arrangements and the Extraordinary Resolution are available for collection by Bondholders at the specified offices of the Paying Agents for the Extraordinary Resolution are available to collection by Bondholders at the specified offices of the Paying Agents for the evidence satisfactory to the referent Paying Agent as to his status as a Bondholder will be required to profect a copy of the information Memorandum from the offices of their Paying Agent.

The attention of Bondholders is perticutarly drawn to the quorum required for the adjourned Meeting which is accordance with normal practice the Trustee expresses no opinion on the merits of the proposed immonatorials.

A Bondholder wishing to attend and vote at the adjourned Meeting in person must produce at the adjourned Meeting either his Bond(e), or a valid voting certificate or valid voting certificate issued by a Peying Agent made to the Bond(a), in respect of which he wishes to vote.

A holder of Bonds not wishing to attend and vote at the adjourned Meeting in person must produce at the adjourned Meeting certificate (a) to the person whom he wishes to attend on his behalf or give a voting instruction from obtainable from the specified office of any of the Paying Agents specified belief, a Paying Agent to appoint a peary to attend and vote at the adjourned Meeting in accordance with his instructions. Bonds may be deposited until the time being 48 hours before the time fixed for holding the adjourned Meeting (a, if applicable, any further adjournment of such adjourned Meeting) but not threshold with a difference or to be satisfaction of the Paying Agent) held bits order or under its control by the Operator of the Euroclass System or by CEDEL S.A., or any other person exproved by it for the purpose of obtaining voling certificates or appointing provides in respect of the adjourned Meeting, Sonds so deposited or held will not be released until the earlier of the surrounder of the voting certificate(s) or not less then 45 hours before the time for which the adjourned Meeting (a, if applicable, any further adjournment of such adjourned Meeting is convened, as evoting instruction receipt(a) issued in respect of the adjourned Meeting (b) is applicable, any further adjourned Meeting (c) is applicable, any further adjourned Meeting (c), if applicable, any further adjourned Meeting (c), if applicable, any further adjourned Meeting (c) is applicable, any further adjourned Meeting in the surrounder of the voting certificate(s) or not less then 45 hours before the time for which the adjourned Meeting is convened, as evoting instruction receipt(a) issued in the adjourned Meeting is convened. Any Bondholders certificates, surrendered b

acrustive. passed, the filecolution requires a majority in tavour consisting of not less than three-fourths of the votes cast on, it passed, the filecolution will be binding upon all the Bondholders, whether or not present at the adjourned ing and whether or not voting, and upon all the holders of coupons relating to the Bonds.

AVAILABILITY OF DOCUMENTS Copies of the Trust Deed may be inspected, and copies of the information Memorandum, voting certificates and other documents referred to above may be obtained, by Sondholders from the specified office of any of the Paying Agents given below.

PRINCIPAL PRITIES AGENT Bankers Bust Company, 1 Appold Street, Broadgale, London ECPA 2HE.

PAYING AGENTS

Swise Bank Corporation, 1 Asschenvorstadt, CH-4002 Basis, rique Indotwez Lucembourg, 39 Allee Scheller, L 200 Lucembo Bond Finance (Europe) Limited

This Notice has been approved by an authorised person for the purposes of the Financial Services Act 1906. THE NOTICE IS IMPORTANT IF BENEMINLIBERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE THEY SHOULD CONSULT THEIR STOCKBROKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ACVIBER WITHOUT DELIX.



US \$100,000,000 Guaranteed Floating Flate Notes Due 1995

Holders of Floating Rate Notes of the above issue are hereby notified that for the Interest Period from 8th February, 1990 to 8th August, 1990 the accumulated interest amount payable is US \$422.86 per US \$10,000 nominal.

Acent Bank Bank of America International Limited

Toray Industries, Inc. (formerly Toyo Rayon Kabushiki Kaisha)

S.G. Warburg & Co. Ltd. announce that a dividend of Yen 4.50 per share has been paid to shareholders on the books of the above Company as at 31st March, 1990 in respect of the six month period ended on that date.

Holders of Bearer Depositary Receipts issued by S.G. Warburg & Co. Ltd. may present Coupon No. 15 for payment at:-Banque Internationale à Luxembourg 2 Boulevard Royal, S.G. Warburg & Co. Ltd. Paying Agency, 2 Finsbury Avenue, London EC2M 2PA

Payment will be subject to deduction of Japanese Withholding Tax and in Landon, United Kingdom Tax (where applicable) at the appropriate rates. Details of tax deduction can be obtained from the Paying Agents.

Stb July, 1990

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DUTY FREE INDUSTRY

The Financial Times proposes to publish this survey on:

20th September 1990

For a full editorial synopsis and advertisement details, please contact

> JONATHAN WALLIS on 071 873 3565

or write to him at :

Number One -Southwark Bridge London SE1 9HL

FINANCIAL TIMES

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INTERNATIONAL COMPANIES AND FINANCE

Trygg-Hansa in Estonia deal By Robert Taylor in Stockholm TRYGG-HANSA, the Swedish insurance company, has reached a co-operation agreement with East Kindhustuse, the Estonian national insurance ment with East Kindhustuse, the Estonian national insurance company, with the main purpose of providing advisory purpose of providing advisory purpose of providing advisory assertices and insurance protection. The Swedish company made in the form of a transfer in the same of creating a new Estonian insurance company within the framework of the country new economic independence programme. The Swedish company made in the stonian authors in the form of a skin insurance company within the framework of the country new economic independence programme. The Swedish company made in the stonian authors it is during their discussions on this to the Foreign Council in Estonian on its or the surance country in the same of creating a new Estonian insurance company within the framework of the country new economic independence programme. The Swedish company made in the stonian authors it is during their discussions. The company intention of the foreign country is experient that Estonian insurance company within the framework of the country new economic independence programme. The Swedish company made in the stonian authors it is during their discussions. Pulsage Carrent to Mep short to

the company's non-forest assets

the independent directors of Elders Resources NZFP, the company's new controlling owner - Carter Holt Harvey (CHH), a forestry-based New Zealand group - will press ahead with plans to sell off all the non-forest assets included

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May the first the same of the in the acquisition. This is in line with the desire of Mr Richard and Mr Ken Carter, the twins who are executive chairman and man-aging director respectively, to The real part of the part of t return the company to a wood

fibre processing group.

Mr Richard Carter says buyers are lining up for the assets, in oil, gas and coal mining, which could be sold within six months. Anything not sold within 15 months will be auc-

The 158,000 hectares of planted forest acquired from Elders Resources, added to CHH's existing 66,000 hectares of planted trees, will give the company a huge forest resource. It will also retain a large mile and pener will and large pulp and paper mill and

large pulp and paper mill and modern sawmills.

Before the acquisition CHH had assets of NZ\$3bn (\$1.77bn). These now rise to around NZ\$5.5bn. In their desire to bring the company back to a forestry-based operation, the Carter twins are returning to their family and company

The business began just over 100 years ago when Francis Carter set up a small sawmill to log New Zealand's virgin forests. The business prospered and in 1952 his son Alwyn brought all the family timber and milling interests together in a public company.

Today, run by Francis's twin grandsons, a much expanded CHH is an international forestry, fishing, industrial, energy and investment group with turnover of NZ\$1.54bn in the year to March and net profits of NZ\$191.4m. It ranked third last year in the New Zee-land forestry sector and was the country's fifth largest company by market capitalisation.

After expanding rapidly in Australasia over the past two decades, CHH now also has a big stake in Chile's forestry, fishing and energy industries. Although the decision to move into Chile was made only four years ago, about a third of net profits in the latest year came from Chile, and more than a quarter of its assets were

Mr Richard Carter, enthusiastic about the opportunities offered by Chile's economic growth, its large renewable softwood forests and its strategic



countries, persuaded his board in 1988 to isunch a US\$1bn investment and expansion pro-

gramme there.
Of this US\$900m is going into expanded paper, pulp and forestry production and US\$100m into fishing. This investment is producing results, with a contribution to profit already coming from sales of an extra 45,000 tonnes produced from the company's bleach kraft mili.

The expansion is now in its second phase. When completed in 1992 production at the mill will be lifted to 800,000 tonnes - doubled over four years. The programme also includes construction of a new medium density fibreboard plant produ-cing wooden panels, expansion of the unbleached kraft produc-

n spite of objections from tion to 265,000 tonnes a year while at the same time reducing production costs and lifting

quality.
Other plans include the purchase of modern fishing vessels for the large fleet and expan-sion of on-shore fish processing

The programme is being funded mainly from profits and resources of the Chilean companies, with some loans for the main pulp expansion arranged through the World Bank.

The base for CHR's Chilean investments is through its half ownership of Inversiones y Desarrollo Los Andes, an investment company which in turns owns 59.1 per cent of Copec, a large forestry and

Copec's profits for calendar 1989 were the equivalent of NZ\$228m, a jump of 40 per cent. Last November Arauco, a Copec subsidiary, signed an agreement with Sweden's Stora, Europe's largest fores products company, for a joint venture which will involve four pulp mills fed by Arauco's 400,000 hectares of planted

radiata nine forests. CHH also owns half of Fibropaneles Chile, a manufacturing group, and 49.9 per cent of the Pesquera Ioulou fishing and squera Iquiqu fishing opera-



At home, CHH is in the midgramme which has seen it sell off its New Zealand plastics division, canning operations, retail groups on both sides of the Tasman, and its holding in Southern Australia Perpetual

Mr Richard Carter says the group's strategic plan is to become an even more significant force in New Zealand's forest industry. One important acquisition, in December 1988, was the previously privately owned Caxton Group of companies which dominates New Zealand's incrative toilet paper and tissue markets, selling 85 per cent or more of New Zea-land's toilet paper. CHH paid an estimated NZ\$300m for Caxton. The pur-chase doubled its forestry base and added rulp and paper wills.

and added pulp and paper mills and other forestry incilities in New Zeeland and the Pacific. Caxton is described as the

world's only integrated tissue maker - from growing the trees, milling, pulp manufacture, production of the tissue through to marketing. CHH has already expanded and improved the operation. A new pulp mill, due for completion later this year, will lift produc-tion to 75,000 tonnes, giving CHH 50,000 tonnes of high-grade tissue pulp available for export.

Carter's technicians have also developed new production techniques to improve the bonding strength of fibres in pulp produced from different types of wood, but at the same time consume less energy in the production process. CHH has patented these techniques around the world and is now selling the process to countries such an Sweden.

The restructuring has left the group with stronger cash flows and well placed to attract the benefit from any upturn in the New Zealand economy, but in spite of its Elders Resources acquisition, it is to Chile that the group is looking for the most promising growth during the coming year, says Mr Rich-

BNZ to restructure unit

By Dai Hayward in Wellington 🗀 🦠

BANK OF New Zealand has cut staff in its Australian operations and restructured there to concentrate on con-

sumer banking.

Mr Lindsay Pyne, chief executive, said BNZ would reduce its operations to three main activities — consumer banking, banking for middle-sized corporate customers and trea-. sury functions. The moves follow a nine-month review of BNZ operations in Australia this year's bad debt prov- to 450.

ision of NZ\$193m (\$114m). The bank has also closed BNZ North, its stockbroking

arm. Mr Pyne said the BNZ aim was to become a strong Australasian regional bank. It had targeted Australia as a big growth area. Australia accounts for almost 15 per cent of BNZ's total assets of NZ317.9bn.

The latest 53 redundancies mean BNZ has cut its Austrawhich accounted for most of lian staff from more than 700

Mitsui OSK expansion

By Our Financial Staff

MITSUI OSK Lines, a leading of the 1992 European Commu-Japanese shipping group,has begun expanding into landsed European transport with the purchase of Wassing, a

Dutch trucking company. No price was disclosed, but one estimate put it at Y2.5bn (\$16.5m). The Tilburg-based Wassing had sales last year of F1 36.4m (\$19.5m) and employs 260 people. Mitsui OSK said the purchase was a footbold ahead

nity market unification. The shipping sector in Japan has returned to profit after a run of losses which prompted a reshape of its business. The

biggest companies are develop-ing integrated transport networks across air, land and sea. Wassing, which is also in the warehousing business, has subsidiaries both in the UK and Tenisia_

joint venture investments in

Trygg-Hansa said yesterday the agreement was "an important breakthrough in the devel-opment of the West's relations with the Baltio states."

The two companies hope to

develop close relations in a range of activities. A feasibility study will be carried out with

on the agreement that Estonia needed a "well-developed business insurance sector, partly for the purpose of creating investment capital for industry through build-up funds."

Talks have also been held between the two sides on the development of a private insurance sector in Estonia.

Trygg-Hansa said yesterday this would mainly take the form of a transfer in know-ledge. After the summer it is proposed to prepare the way for the launch of a sickness

ber 1 with the intention of establishing a licence for such activity from January 1991.

ture insurance operations throughout the Soviet Union.

The company intends to present a preliminary report on this to the Foreign Trade Council in Estonia on Novem-

This foray by Trygg-Hansa into the East follows a co-operation agreement the company signed with Ingostrakh, the Soviet insurance company, covering joint-ven-

By Gary Mead in Buenos Aires ARGENTINA'S planned privatisation of Aerolineas Argentinas, the national air-

line, for which bids are due to be officially announced tomorrow, appeared on the brink of collapse yesterday with the news that another company – KLM, the Dutch airline – had withdrawn from the tender. KLM's decision was followed by an announcement from

Varig, the Brazilian airline with which KLM had formed a ioint venture for the purposes

of buying the 85 per cent of Aerolineas up for sale, that was also withdrawing. KLM was the third company, following American Air-

airline, to pull out of the tender in its final stages. A KLM management official said in Amsterdam the Aeroliness sale "was not interesting

Aerolineas tender near collapse

enough for us." The sole interest left in Aerolineas comes from a group led by Iberia, the Span-ish airline, which yesterday confirmed it would go ahead and present its bid on Friday. Iberia is in partnership with

Cielos del Sur, a local Argentine company which manages Austral, a domestic airline privatised in 1987. The Iberia group is backed by Credit Suisse First Boston and the

lines and Alitalia, the Italian Argentine bank Banco Provin-

cia de Buenos Aires. Yesterday Argentina's President Carlos Menem expressed his irritation with the late withdrawals of American Airlines, Alitalia and KLM, saying their "failure to comply with promises has resulted in

a very annoying situation."

He said Friday's examination of bids would go ahead and if the Iberia consortium met the conditions of sale, it would succeed in its bid; if not, a new tender would be staged. Argentina has stipu-lated a minimum of \$220m in cash, with at least \$1.5bn in debt-equity exchange.

Notice of Adjourned Meetings of the Holders of

Bond Finance International

(the "Issuer")

U.S. \$200,000,000 5% per cent. Guaranteed Subordinated Convertible Bonds due 1997

Unconditionally guaranteed on a subordinated basis by, with non-detachable subordinated conversion bonds issued by and with conversion rights into Ordinary Shares of,

Bond Corporation Holdings Limited

(the "Guarantor") NOTICE IS HEREBY GIVEN that adjourned Meetings of the holders (the "Bondholders") of the above-mentioned Bonds (the "Bonds") and conversion bonds constituted by a Trust Deed disade 9th July, 1987 (the "Trust Deed") and made between the Issuer, the Guarantor and Bankers Trustee Company Limited (the "Trustee") will be held at 2.00 pm (London time) (or, if later, immediately after the conclusion of the adjourned Meeting of the holders of the £103,850,000 for per cent. Guaranteed Exchangeable Bonds due 1998 of Bond Finance (Exchangeables) Limited), in the case of the adjourned first Meeting referred to below and at 2.30 pm (London time) (or, if later, immediately after the conclusion of the adjourned first Meeting), in the case of the adjourned second Meeting referred to below, on 19th July, 1990 at 1 Northumberland Avenue, Trafaiger Square, London WC2N SBW for the purpose of considering and, if thought fit, passing the following Extraordinary Resolutions which were the subject of a Notice of Meetings dated 6th June, 1990 published in this newspaper on that date and which gave notice of Meetings of Bondholders to be held on 28th June, 1990, a quorum was present but the Chairman of such Meeting, with the consent of the Meeting, adjourned such Meeting to the time and place mentioned above. At the second Meeting of Bondholders held on 28th June, 1990, a quorum was not present and the second Meeting and approved by the Trustee:—

ADJOURNED FERST MEETINES

ADJOURNED FIRST MEETING

EXTRACIDINARY RESOLUTION

THAT this meeting of the holders of the U.S. \$200,000,000 5% per cent. Guaranteed Subordinated Convertible Bonde due 1997 (the "Bonds") of Bond Finance International (the "issuer"), unconditionally guaranteed on a subordinated basis by, with non-detachable subordinated conversion bonds (the "Conversion Bonds"), issued by and with conversion rights into Ordinary Shares of, Bond Corporation Holdings Limited (the "Guarantor"), constituted by a Thust Deed (the "Trustee"), hereby:—

(i) weives and authorises any breach or proposed breach by the leaver or the Guarantor of the covenant by the Guarantor contained in Clause 11(C) (iii) of the Trust Deed that may erise as a result of the sale by the Guarantor of 50 per cent, of the issued ordinary share capital and all of the issued preference share capital of Bond Brewing Holdings Limited ("BBH") to Mancher Holdings Pty. Ltd., a wholly owned subsidiary of Bell Resources Limited, on the terms more particularly set out in the Information Memorandum dated 6th June. 1990 prepared by the Guarantor and produced to this Meeting (a copy of which has been initialled for Identification by the Chairman of the Meeting) (or such terms as from time to time modified or amended (including by way of novation to a different purchaser of the agreement relating to such sale) provided that the Guarantor shall have procured that its auditors for the time being shall have certified to the Trustee in form and manner acceptable to the Trustee that any such modification or amendment or novation shall have no greater impact on the ability of BBH or any of its subsidiaries to make payments or otherwise to make amounts available to the Guarantor than the terms of the proposed sale more particularly described in the information Memorandum and ability of BBH or any of its subsidiaries to make payments or otherwise to make amounts available to the Guarantor than the respect of the rights of the holders of the Bonds, the Conversion Bonds and the coupon

Guaranter involved in or resulting from the breach or proposed breach referred to in paragraph (i) of this Resolution; and authorises the issues, the Guaranter and the Trustee to concur in, execute or do any document, set or thing necessary to give effect to this Extraordinary Resolution and authorises the Trustee to provide any formal consent or approved necessary to enable the sale as referred to in (i) above to proceed,

necessary to give effect to this Extraordinary Resolution and authorises the Trustee to provide any formal consent or approval necessary to enable the sale as referred to in (i) above to proceed.

ADJOHNED SECOND MEETING

EXTRAORDINARY RESOLUTION

THAT this meeting of the holders of the U.S. \$200,000,000 (%) per cent. Guaranteed Subordinated Convertible Sonds due 1997 (the "Bonds") of Bond Finance international (the "Lauranter"), unconditionally guaranteed on a subordinated bests by, with non-detechable subordinated conversion bonds (the "Conversion Bonds") issued by and with conversion rights into Ordinary Shares of, Bond Corporation Holdings Limited (the "Guaranter"), constituted by a Trust Deed (the "Trustee"), hereby;—

"It us Deed") dated 9th July, 1967 and made between the Issuer, the Guaranter and Benkers Trustee Company Limited (the "Rustee"), hereby;—

(ii) approves, authorises and gives consent to the deferral of the interest due on the Bonds on 9th July, 1990, until 9th July, 1997, such increase then to be payable in full with the Wierest due on the Bonds on 9th July, 1990, such note to be guaranteed by the Guaranter and payable on 9th July, 1991 in the event that such interest is not paid on that date by the issuer and to be issued on such other terms described in the Information Memorandum dated 6th June, 1990 prepared by the Guaranter and produced to this Meeting (a copy of which has been initiated for identification by the Chairman of the Meeting);

(iii) surves any breach by the issuer or the Guaranter as a result of such deferral of interest of the provisions of the Trust Deed and Sandtons of one of the terms and conditions of the Bonds or the Bonds or the compone attached the rito or the Conversion Bonds and confirms that such deferral of interest shall not constitute an event of default under the provisions of condition 13 or the terms and conditions of the Bonds or any other condition or under the Trust Deed and sanctions of one of the Conversion Bonds and confirms that each deferral of inth

(iii) autorises the Issue; the Guarantor and the Trustee to conour in, execute or do any document, act or thing necessary to give effect to this Extraordinary Resolution. necessary to give effect to this Extraordinary Resolution.

Copies of the information memorandum (the "information Memorandum") referred to in the Extraordinary Resolutions set out above and which sets out details of the background to, and reasons for, the proposed arrangements and the Extraordinary Resolutions are averable for collection by Sondholders at the specified offices of the Paying Agents for the Bonds set out below and will be available at the adjourned Meetings themselves. A Bondholder will be required to produce evidence satisfactory to the relevant Paying Agent as to his stante as a Bondholder before being permitted to collect a copy of the Information Memorandum from the offices of that Paying Agent.

The attention of Bondholders is particularly drawn to the quorum required for each adjourned Meeting and for a thermal allocations of the proposed first like high in the vent that a quorum is often adjourned first like high in the vent that a quorum is the adjourned first like high in the vent that a quorum is the adjourned first like high in the vent that a quorum is the adjourned first like high in the vent that a quorum is the adjourned first like high in the vent that a quorum is the adjourned first like high in the vent and a quorum is the adjourned first like high in the vent and a quorum is the adjourned first like high accordance with normal practice the Trustee expresses no opinion on the merits of the proposed strangements.

The issuer expects to convene another meeting of Bondholders to take piece on or about 30th November, 1990 at which meeting the Guarantor would expect to be able to present to Bondholders reconstruction proposals for consideration by Bondholders as more particularly set out in the information Memorandum.

A Bondholder wishing to attend and vote at either of the adjourned Meetings in person must produce at the relevant adjourned Meeting either his Bond(s), or, in the case of Bonds issued in bearer form ("Bearer Bonds"), a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Bearer Bond(s), in respect of which his wishes to vote.

A Bondholder wishing to attend and vote at either of the actiourned Meeting either from ("Bearer Bonds"), a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Bearer Bonds (a), in respect of which he states to vers.

A holder of Bearer Bonds not wishing to attend and vote at either of the adjourned Meetings in person may either deliver his Bearer Bond(a), in respect of which he states to vers.

A holder of Bearer Bonds or voting certificates is but at either of the adjourned Meetings in person may either deliver his Bearer Bond(a), in respect of either of the adjourned Meeting in person may either deliver his Bearer Bond(a) or voting certificates to the borw) instruction a Paying Agent to epocint a proxy to attend and vote at the relevant adjourned Meeting in accordance with his instructions.

Bearer Bonds may be deposited until the time being 48 hours before the time fixed for holding the relevant adjourned Meeting or (b) the adjournment of such adjourned Meeting but not thereafter with any Paying Agent to (to the satisfaction of the Paying Agent) held to its order or under its control by the Operator of the Euroclear System or by CEDEL 5.A. or any other person approved by it, for the purposes of obtaining voting on the Beares of the purpose of obtaining voting on the Beares of the purpose of obtaining voting on the Beares of the purpose of obtaining voting on the Beares of the purpose of obtaining voting on the Beares of the purpose of obtaining voting on the Beares of the purpose of obtaining voting on the Beares of the purpose of obtaining voting on the Beares of th

principal amount of the Borius so produced or represented by the voting cartificate of produced of the respect or which he is a proxy or representative.

To be passed, each of the Extraordinary Resolutions requires a majority in tayour consisting of not less than three-fourths of the votes cast thereon. If passed, each of the Extraordinary Resolutions will be binding upon all the Bondholders, whether or not present at the relevant adjourned Meeting and whether or not voting, and upon all the holders of coupons relating to the Bonds.

AVAILABILITY OF DOCUMENTS Copies of the Trust Deed may be inspected, and copies of the Information Memorandum, voting certificates and other documents referred to above may be obtained, by Bondholders from the specified office of any of the Paying Agents given below.

PRINCIPAL PAYING AGENT
Benkers Trust Company, 1 Appoid Street, Broadgate, London EC2A 2HE
PAYING AGENTS AND TRANSFER AGENTS
Swiss Bank Corporation, 1 Asschenvorstadt, CH-4002 Basile
Banque Indosusz Lizembourg, 39 Allee Scheffer, L 200 Luxembourg. HEGISTRAR AND TRANSFER AGENT Bankers Trust Company, Four Albany Street, New York, N.Y. 10015

Dated 5th July, 1990 This Notice has been approved by an authorised person for the purposes of the Financial Services Act 1986. THIS NOTICE IS IMPORTANT. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE THEY SHOULD CONSULT THEIR STOCKBROKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY. Notice of Adjourned Meetings of the Holders of

Bond Finance International (the "Issuer")

£80,000,000 6 per cent.

Guaranteed Subordinated Convertible Bonds due 1997 Unconditionally guaranteed on a subordinated basis by, with non-detachable subordinated conversion bonds issued by and with conversion rights into Ordinary Shares of,

Bond Corporation Holdings Limited (the "Guarentor")

NOTICE IS HEREBY GIVEN that adjourned Meetings of the holders (the "Bondholders") of the above-mentioned Bonds (the "Bonds") and conversion bonds constituted by a Trust Deed dated 9th July, 1987 (the "Trust Deed") and made between the Issuer, the Guarantor and Bankers Trustee Company Limited (the "Trustee") will be held at 3.00 pm (London time) (or, if later, immediately after the conclusion of the edjourned second Meeting of the holders of the U.S. \$200,000,000 Guaranteed Subordinated Convertible Bonds due 1997 of the Issuer), in the case of the adjourned first Meeting referred to below and at 3.30 pm (London time) (or, if later, immediately after the conclusion of the adjourned first Meeting), in the case of the adjourned second Meeting referred to below, on 19th July, 1990 at 1 Northumberland Avenue, Trafalger Square, London WC2N 58W for the purpose of considering and, if thought fit, passing the following Extraordinary Resolutions which were the subject of a Notice of Meetings dated 8th June, 1990 published in this newspaper on that date and which gave notice of Meetings of Bondholders to be held on 28th June, 1990, a quorum was present but the Chairman of such Meeting of Bondholders held on 28th June, 1990, a quorum was not present and the second Meeting stood adjourned to the time and place mentioned above, at the second Meeting of Bondholders held on 28th June, 1990, a quorum was not present and the second Meeting stood adjourned to the time and place mentioned above, as designated by the Chairman of the second Meeting and approved by the Trustee:—

ADJOURNED FIRST MEETING EXTRAORDINARY RESOLUTION

ADJOURNED FIRST MEETING

EXTRAORDINARY RESOLUTION

THAT this meeting of the holders of the £80,000,000 6 per cent. Guaranteed Subordinated Convertible Bonds due 1997 (the "Bonds") of Bond Finance international (the "Issuer"), unconditionally guaranteed on a subordinated basis by, with non-detachable subordinated conversion bonds (the "Conversion Bonds") issued by and with conversion rights into Ordinary Shares of, Bond Corporation Holdings Limited (the "Guarantor"), constituted by a Trust Deed (the "Trust Deed") dated 9th July, 1967 and made between the Issuer, the Guarantor and Bankers Trustee Company Limited (the "Trust Deed") dated 9th July, 1967 and made between the Issuer, the Guarantor and Bankers Trustee Company Limited (the "Trust Deed") dated 9th July, 1967 and made between the Issuer, the Guarantor or the Guarantor of the coverant by the Guarantor contained in Clause 11(C) (iii) of the Trust Deed that may arise as a result of the sale by the Guarantor of 50 per cent. of the issued ordinary share capital and all of the issued preference share capital of Bond Brewing Holdings Limited ("BBH") to Marchar Holdings Ply, Lid., a wholly owned subsidiary of Bell Resources Limited, on the terms more particularly set out in the Information Memorandum dated 6th June, 1990 prepared by the Guarantor and produced to this Meeting (a copy of which has been initialled for identification by the Chairman of the Meeting) (or such terms as from time to time modified or amended (including by way of novation to a different purchaser of the agreement relating to such sale) provided that the Guarantor shall have procured that its auditors for the time being shall have certified to the Trustee in form and manner acceptable to the Trustee that any such modification or amendment or novetion shall have no greater impact on the ability of BBH or any of the subsidiaries to make payments or otherwise to make amounts available to the Guarantor than the terms of the proposed sale more payments or otherwise to make amounts available to

Resolution; and authorises the Issuer, the Guarantor and the Trustee to concur in, execute or do any document, act or thing necessary to give effect to this Extraordinary Resolution and authorises the Trustee to provide any formal consent or approval necessary to enable the sale as retarred to in (i) and the sale as retarred to in (i) and the sale as retarred to in (ii) and the sale as r

ADJOURNED BECOND MEETING EXTRAORDINARY RESOLUTION

ADJOURNED BECOND MEETING

EXTRACRDIBLETY RESOLUTION

THAT this meeting of the holders of the 280,000,000 of par cent. Guaranteed Subordinated Convertible Bonds due 1997 (the "Bonds") of Bond Finance international (the "Issuer"), unconditionally guaranteed on a subordinated basis by, with non-detachable subordinated conversion bonds (the "Conversion Bonds") issued by and with convenion rights into Ordinary Shares of, Bond Corporation Holdings Limited (the "Guarantor"), constituted by a Trust Deed (the "Trust Deed") defed 9th July, 1967 and made between the issuer, the Guarantor and Bankers Trustee Company Limited (the "Trustee"), hereby:—

(i) approves, suthorises and gives consent to the deferral of the interest due on the Bonds on 9th July, 1990 until 9th July, 1991, such issuers and gives consent to the deferral of the interest due on the Bonds on 9th July, 1990, on condition that there is issued to the Trustee on behalf of the Bondshotiers by the Bonds on 9th July, 1990, such note to be guaranteed by the Guarantor and payable on 9th July, 1991 in the cent that such interest is not paid on that date by the Issuer and to be issued on such other terms described in the Information Memorandum dated 6th June, 1990 prepared by the Guarantor and produced to this Meeting (is copy of which has been initialized for identification by the Chairman of the Meeting);

(ii) waives any breach by the issuer or the Guarantor as a result of such deferral of interest of the provisions of the Trust Deed or the Bonds or any other conditions or under the Trust Deed and sentions every abrogation, modification, varietion, compromise or a transgement in respect of the Indigate of the Bonds or one difference on Bonds and the coupons relating to the Bonds against the Issuer or the Guarantor involved in or resulting worn the deterral referred to in this Resolution; and

to in this Resolution; and

(iii) authorises the leauer, the Guarantor and the Trustee to concur in, execute or do any document, act or thing necessary to give effect to this Extraordinary Resolution.

Copies of the information memorandum (the "information Memorandum") referred to in the Extraordinary Resolutions set out above and which sets out details of the background to, and reasons for, the proposed arrangements and the Extraordinary Resolutions are available to collection by Bondholders at the specified offices of the Paying Agents for the Bonds set out below and will be available at the adjourned Mestings themselves. A Bondholder will be required to produce evidence satisfactory to the relevant Paying Agent as to his status as a Bondholder before being permitted to collect a copy of the Information Memorandum from the offices of that Paying Agent.

The attention of Bondholders is particularly dream to the quorum required for each adjourned Meeting and for a further adjourned of first Meeting in the event that a quorum is not present at the adjourned first Meeting in the event that a quorum is not present at the adjourned first Meeting in the accordance with normal practice the Trustee expresses no opinion on the merits of the proposed attangements.

arrangements.

The Issuer expects to convene another meeting of Bondholders to take place on or about 30th November, 1980 at which meeting the Guarantor would expect to be able to present to Bondholders reconstruction proposals for consideration by Bondholders as more particularly set out in the information Memorandum.

International Processor of the contract emotiner meeting of Bondholders to take place on or about 30th November, 1990 at which neeting the Guarantor votud expect to be able to present to Bondholders reconstruction proposals for consideration by londholders as more particularly set out in the information Memorandum.

***ABONDHOLDER many particular of the Information Memorandum.**

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**ABONDHOLDER many particular of the Information Medicumed Meetings in person must produce at the relevant sciourned Meetings in person must produce at the relevant sciourned Meetings in person must produce at the relevant sciourned Meeting of the Information Meeting of the Information of Information

proxy or representative.

To be passed, each of the Extraordinary Resolutions requires a majority in favour consisting of not less than three-fourths of the votes cast thereon. If passed, each of the Extraordinary Resolutions will be binding upon all the Bondholders, whether or not present at the relevant adjourned Meeting and whether or not voting, and upon all the holders of coupons relating to the Bonds.

Copies of the Trust Deed may be inspected, and copies of the Information Memorandum, voting certificates and other documents referred to above may be obtained, by Bondholders from the specified office of any of the Paying Agents given below. AVAILABILITY OF DOCUMENTS

PRINCIPAL PAYING AGENT Bankers Trust Company, 1 Appold Street, Broadgate, London EC2A 2HE PAYING AGENTS AND TRANSPER AGENTS Swiss Bank Corporation, 1 Asschenvorstedt, CH-4002 Basie Banque Indosuez Luxembourg, 39 Allee Scheffer, L 200 Luxembourg REGISTRAR AND TRANSFER AGENT

Bankers Trust Company, Four Albany Street, New York, N.Y. 10015 Dated 5th July, 1990 Bond Finance International This Notice has been approved by an authorised person for the purposes of the Financial Services Act 1986, THIS NOTICE IS IMPORTANT IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE THEY SHOULD CONSULT THEIR STOCKBROKER, LAWYER, ACCOUNTANT OR OTHER PROFESSIONAL

ENIMONT S.P.A.

DIVIDEND PAYMENT FOR 1989

Notice is hereby given to Shareholders that the dividend for the 1989 financial year, as resolved upon by the Annual General Meeting of Shareholders on June 19, 1990, is payable from July 16, 1990.

The dividend, subject to any applicable withholding taxes, amounts to Lit. 85.20 per ordinary share.

Upon presentation of the ordinary shares and detachment of coupon no. 1, dividends will be paid at the Company's registered office in Milan, or at any authorized Italian bank, or at the following financial institutions:

Abroad (by appointment of Italian banks according to law): Greef Britain: National Westminster Bank PLC, Barclays Bank PLC, S.G. Warburg & Co.Ltd. - London; West Germany: Deutsche Bank AG, Dresdner Bank AG, Commerzbank - Frankfurt am Main; Switzerland: Swiss Bank Corporation - Besel and Zurich, Crédit Suisse - Zurich, Union de Banques Suisses - Zurich:

France: Banque Nationale de Paris, Crédit Lyonnais, Banque Paribas, Banque Indosuez - Paris; Belgium: Banque Bruxelles Lambert S.A., Kredietbank S.A., Generale Bank-Bruxelles; heriends: Amsterdam Rotundem Bank N.V. • Amsterdam U.S.A.: Chibank NA, Morgan Guaranty Trust Co. - New York.

ENIMONT S.p.A.

ENIMONT S.P.A.

IMPORTANT NOTICE TO ENIMONT SHAREHOLDERS WHO ARE NON-RESIDENTS OF ITALY WITHHOLDING TAX ON DIVIDEND PAYMENTS

Dear Gliarcholder,

At the Annual General Meeting of ENIMONT S.p.A. (the "Company"), held on June 19, 1990, the payment of a dividend of Llt. 85.20 per share was approved in respect of those ordinary shares which were offered and issued in 1989.

Shareholders should note that Italian law provides for the withholding of income tax (at a rate of 32.4 per cent) on dividends paid by Italian companies to shareholders who are non-residents of Italy for Income tax purposes.

Shareholders are reminded that reduced rates (normally 15 per cent) apply to such non-residents of Italy who are entitled to the benefits of an appropriate double tax convention. Amongst the countries with which Italy has concluded relevant double tax conventions are: all members of the European Community, Switzerland, Sweden, Norway, Finland, Austria, the United States, Canada, Japan, Australia, New Zealand, Argentina and Brazil.

Non-resident shareholders who have not already done so should immediately contact their local tax authorities in order to obtain the necessary documentation to claim the reduced withholding tax in respect of the forthcoming dividend payable by the Company. The completed documentation should then be returned to the bank depository of your ordinary shares.

If you require any further information you may contact the Company's Foreign Tax Department on 39-2-6977-2944.

> Sergio Cragnotti Managing Director ENIMONT S.p.A.

Note: Shareholders who are in any doubt as to their tax position should consult their own independent professional advisers. This notice is issued for information only.

Company 12-14 Rond-Point des Champs-Elysses 75386 Paris, Ceder 08

June 26, 1990

Notice of Redemption

NOTICE IS HEREBY GIVEN to the Holders of the Three-Year

Extendible Guaranteed Notes due April 25, 1996 (the "Notes") issued by ITT Financial N.V. ("Issuer") and guaranteed by ITT Financial Corporation (the "Guarantor") under an Indenture dated

as of April 26, 1984 (the "Indenture") between the Issue, Guerantor and Bankers Trust Company, as Trustee, that the Issuer

hereby exercises its option to redeem all outstanding Notes on July 25, 1990 ("Redemption Date").

As of April 28, 1990, there remained outstanding less than

\$30,000,000 aggregate principal amount of the Notes. Pursuant to the provisions of the Indenture, the Issuer elects to redeem all of

the Notes outstanding on July 25, 1990 at a redemption price of 100 percent (100%) of the principal amount of such Notes plus

accrued interest from April 26, 1990 of 9.55% per annum to the Redemption Date.

Payment of the principal amount of the Notes and accrued interest

thereon will be payable on and after July 25, 1990, upon presentation and sumender of the Notes and all coupons

appertaining thereto which mature after the Redemption Date, at

New York, New York 10008

ad Principal & Int

Benicers Truet Company
1 Appoid Street
Broadgate
Lamian EC2A 245

England

No payment of principal or interest shall be made by the Trustee in No payment of principa of interest shall be made by the independent New York City, or by any other paying agent located in the United States of America, in respect of Bearer Notes. On and after the Redemption Date interest on the Notes shall cease to accrue and the Notes shall cease to be entitled to any

27 Avenue Mo

any of the following paying agents:

ers Trust G Bockenheimer Landstrasse 39 0000 Frankturi/Mala 1

bonefit under the Indimiure.

W. Gene Gerard Menaging Director

ITT PINANCIAL N.V.

IMI Bank (International) ¥10,000,000,000

Floating Rate Guaranteed Notes Due 1993 (the "Notes")

unconditionally guaranteed by ISTITUTO MOBILIARE ITALIANO

Notice is hereby given that for the interest period from 4th July, 1990 to 4th January, 1991, the Notes will carry an Interest Rate of 7.05% per annum.

Agent Bank The Long-Term Credit Bank of Japan, Limited Tokyo

Interest payable on 4th January, 1991 will amount to ¥355,397 per ¥10,000,000 Note.

City of Copenhagen ¥7,000,000,000

Notice is hereby given that the Rate of Interest for the Interest Period from 5th July, 1990 to 5th January, 1991 is 6.94% per annum.

Floating Rate Notes

Due 1996

Interest payable on 7th January, 1991 will amount to ¥3,498,521 per ¥100,000,000 principal amount of the Notes.

Agent Bank
The Long-Term Credit Bank
of Japan, Limited
Tokyo

GENEVA SWITZERLAND

Full Service is our International law and taxes. Mailbox, telephone, telex and telecopier **ICTVICES**

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BUSINESS ADVISORY SERVICES S.A.

7 Rue Muzy, 1207 Geneva Tel:736 05 40 Tr.: 23342 Fax: 786 06 44

U.S. \$100,000,000 Security Pacific Corporation Subordinated Floating Rate

Notice is hereby given that for the interest Period from July 5, 1990 to October 5, 1990 the Notes will carry an interest Rate of 8%% per annum. The coupon amount payable on October 5, 1990 will be U.S. \$2,188.19 and U.S. \$218.82 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$10,000.

By: The Classe Manhattan Benk, N.A. London, Agent Bank July 5, 1990

HOMES FOR SALE IN LONDON

appear every Saturday in the Weekend FT,

For advertising information please call Lesley Proctor Carol Haney on 071-873 4935.

Yen 10.000.000.000

 $M \mid E \mid P \mid C$ **Metropolitan Estate and Property** International N.V.

(Incorporated with limited liability in The Netherlands) Floating Rate Guaranteed Notes due 1995 irrevocably and unconditionally guaranteed by MEPC pic

(Incorporated with limited flability in England under the Companies Act 1929)

Notice is hereby given that for the Interest Period from July 5, 1990 to October 5, 1990 the Notes will carry an Interest Rate of 7.9375% per annum. The amount of interest payable on October 5, 1990 will be Yen 202,847 per Yen 10,000,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

July 5, 1990

OCHASE

· · .. -

S.G. Warburg Capital B.V.

U.S.\$200,000,000 Floating Rate Notes 2006

unconditionally and irrevocably guaranteed by

S.G.Warburg Group plc

In accordance with the provisions of the Notes, notice is hereby given that, for the six month period, 5th July, 1990 to 7th January, 1991, the Notes will bear interest at the rate of 87% per cent. per amum. Coupon No. 9 will therefore be payable on 7th January, 1991 at U.S.\$11,059.90 per coupon from Notes of U.S.\$250,000 nominal and U.S.\$442.40 per coupon from Notes of U.S.\$10,000 nominal.

S.G.Warburg & Co. Ltd. Agent Bank

INTERNATIONAL CAPITAL MARKETS

First German unity issue tightly priced but sells well

By Deborah Hargreaves and Tracy Corrigan

BOND investors' eyes were on the German Bund market yesterday, where the Government launched its first unity bond at a slightly tighter price than traders had expected. The DM6bn issue came at a yield in line with 10-year Bunds since it was priced at 101 carrying a coupon of 8% per cent, offering a real yield of 8.59 per cent.

Traders' reaction was that the issue was expensive, but it held at its launch level and was selling well. Domestic investors are enthusiastic buy ers of the unity bonds largely

for patriotic reasons.

The unity bonds were expected to trade at a premium of 10 to 15 basis points over the 10-year Bund, but they now look increasingly likely to trade in line with Bunds. The premium was expected to compensate for them not being deliverable into the futures contract. But now that the Deutsche Termin-

GOVERNMENT BONDS

borse has announced they will be included against its con-tracts, the London Interna-tional Financial Futures Exchange is expected to amend its March 1991 contract to include unity bonds.

The rush of economic figures that were released in Germany yesterday had little effect on the market.

■ FRENCH government bonds ended slightly lower yesterday in light dealing, and traders say the market may ease more ahead of today's FFr7bn to FFr9bn Treasury auction of

three fixed-rate bonds.

BENCHMARK GOVERNMENT BONDS

		Coupon	Date	Price	Chenge	Yleid	200	ago
UK GILTS		10.500 5/99 92-2		94-17 92-29 84-28	+04/32 +01/32 +04/32	12.37 11.81 10.92	12.45 11.68 10.79	12.48 11.95 10.99
US TREAS	URY	8.875 8.750	05/00 05/20	103-08 103-31	+03/32 +02/32	8.38 8.38	8.53 8.51	8.43 8.42
JAPAN	No 118 No 2	4.800 5.700	6/99 3/07	87.0646 91.3939	+0.381 +0.001	7.17 6.80	7.18 6.72	6.90 6.50
GERMANY	, -	7.750	02/00	94,7500	+0.350	8.55	8.73	8.64
FRANCE	BTAN	9.000 8.500	02/95 03/00	96.5629 93.1800	+0,036	9.93 9.59	10.00 9.67	9.98 9.62
CANADA		9.750	05/00	94,5000	+0.500	10.66	10.70	10.63
NETHERLA	NDS	9.000	05/00	101.5500	+0,340	8.75	8.90	8.90
AUIITRALI	A	12.000	7/20	93.0433	+0.343	13.35	13.53	13.47

Prices: U.S. UK in 32nds., others in de-

minul Daniel ATLAN Price Source

The German bond market is likely to carry on hogging the limelight. But expectations that the government bond yield spread between France and Germany is to narrow from the current level of 100 basis points could prompt some buying in the French market. But the D-Mark is thought likely to gain ground against the franc, dealers said.

JAPANESE government bonds continued their recent rally yesterday when the yield on the benchmark 119 dropped to 7.16 per cent. Traders expect the bond market to continue to be strong on the back of the

firmer yen. Now that rumours of an increase in the Japanese dis-count rate have dissipated, there is little in the way of a bond market rally, although traders feel it could be some time before the market breaches the 7 per cent yield level which has proved a key

figure in previous upward

■ IT was a thin day for gilt-edged securities yesterday. Prices experienced a slight bounce after Tuesday's slide. The market closed % of a point stronger than on Tuesday, but there was little retail interest.

■ YIELDS on Australian gov ernment bonds have dropped slightly in the past few days, but the market continues to be supported by foreign investors locking into a high-yielding

Australian 10-year bonds are currently yielding 13.35 per cent after falling from 13.53 per cent at the end of June. Japaness investors have been strong buyers of Australian bonds in recent weeks, although they are unlikely to push yields below 13% per cent unless the Australian Government of the Australian Government. ment reduces its high interest

ISE stays quiet on Goldman and BZW

By Richard Waters

COMPLAINTS of market manipulation on a grand scale continued to swirl around the Continued to Swith around the London stock market yester-day as the International Stock Errhange falled to publish his expected statement exoperating two large securities houses over their actions during a hectic period of trading on Fri-

Goldman Sachs had bid up share prices, and Barclays de Zoete Wedd pushed them lower, as the FT-SE-100 index was being calculated to set the closing contract price for derivatives based on the index. This led to claims that the houses were trying to influence the FT-SE to benefit their

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derivatives books.

An interim ISE investigation has shown that a large volume of deals took place at the prices the two firms were quoting, suggesting that they had not been set merely to affect the index. However, other officials have suggested that the houses may have been prepared to take losses on share deals to make far larger

profits on derivatives.

The ISE did not publish its intering findings, as expected, but is likely to make a statement after a full review of the implications of Friday's market volatility.

NEWS IN BRIEF Orkla issue resurrected

ORKLA Borregaard, the Norwegian industrial and investment group, has investment group, has revamped an international share issue first mooted for April but postponed as a result of stock-market weakness, writes Our Financial Staff.

The company is offering 2.3m non-voting B shares at NKr230 each to raise NKr530m (\$90m). The issue is being made through an international banking syndicate led by

Kleinwort Benson.
The subscription period lests until the end of this week. The international issue that Orkia posiponed in April was to have consisted of 2.5m was to have co R shares.

Banks link over Canadian unit

ATIONAL True Mellon Bank are to form a toint-venture company to provide securities transfer services to Canadian corporate clients. Reuter reports.

Mellon estimates that it has a 20 per cent share of the US securities transfer market. National Trostco did not estimate its market share, but said it had more than 1,900 corporate clients. National Trustco will ini-

tially form a Canadian subsidiary and Mellon Bank will provide securities transfer and indenture processing to the subsidiary under a private label processing agreement. abel processing agreement.

After obtaining regulatory

approvals, National Trust and Mellon Bank will form a Cansdian company to provide secu-

S&P puts Philips N America on watch

STANDARD & Poor's, the US credit-rating agency, has placed on Creditwatch the Single-A senior debt and A-1 com-mercial paper ratings of North American Philips following American Philips following the announcement by the Datch Philips group that it would take a charge of about \$1.4bn in the second half of fiscal 1990, Reuter reports.

While the magninus of the charge is expected to have positive effects going forward on cost position and competitiveness, it heightens nearer-term magnitudes in the charge is expected to have positive effects going forward on cost position and competitiveness, it heightens nearer-term magnitudes arrounding the contraction of the contracti

uncertaintles surrounding the extent of operating problems at Philips and its US subsidiary, as well as the suffi-ciency of the measure," S&P SEP WILL meet mount

of Philips to determine the

VEV seeks FFr354m in two-part offer

VITRO-Etablissements Vitoux (VEV) plans a two-part issue of common stock and convertible bonds aimed at raising FF7354m (\$64m) to help fund growth objectives, Reuter

worth of convertible bands with a coupon of 7.25 per cent and a maturity of nine years, five months. Each bond will be priced at FFr480 and will be convertible into one share of

raising covers 435,520 hew common shares at a price of VECCO each. Shareholders will have subscription rights on a one-for-six basis.

W The state of the

MANY financial investments assessed country by country. CWB says that uncertainties and price stability of many of

in developing countries are providing a yield or return that is highly attractive in relation to the objective risk, says Chartered WestLB, Reuter reports.
In the first issue of its Devel-

oping Country Investment Revisw, CWB says a prolifera-tion of investment opportuni-ties producing high returns have emerged that reflect uncertainties which have to be

contained in developing country investment include the experience of the 1980s debt crisis and the underlying possi-bility that this is not fully

Also, the novelty of some of the instruments involved means they lack a track record. The review adds that there are general concerns about the depth, sophistication

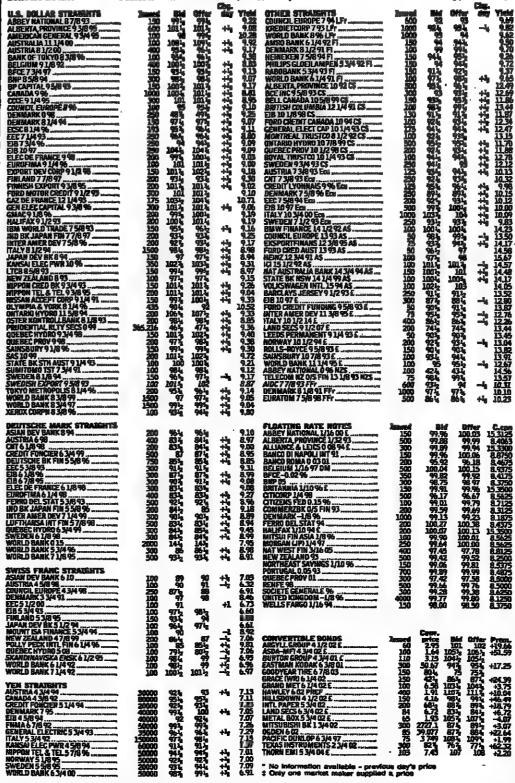
LDC investment 'attractive'

the markets.

The bank points out that from the second half of the 1980s, financial liberalisation, structural reform and debt

renegotiation have opened markets and created a wide array of instruments. CWB says that interest in the instruments extends to equities, Eurobonds, restruc-tured loans, securitised debt and domestic currency paper.

FT/AIBO INTERNATIONAL BOND SERVICE



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FLOATING RATE NOTES: Concentrated in dollars unless otherwise Indicated. Coupon shown is minimum, Spread - Margin above ele-month othered rules (three-month liabove mean rate) for US dollars. C.con - The ourrant coupon.

CONVENTELLE SOUNDS: Denominated in dollars unless otherwise indicated. Crv. price - Nominal amount of bond per share expressed in currenty of share at conversion rate fixed at issue, Prans - Percentage premium of the current effective price of acquiring shares viz the hond over the most recent price of the shares.

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DITY GROUPS

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- Secretaria

reports from Paris.
The French textile group said that the biggest part of the issue would cover from

The other part of the fund

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PIXED INTER

INTERNATIONAL CAPITAL MARKETS

ISE stays quiet on" Unilever taps the Swiss market at less than 7% Secretary Secret

By Tracy Corrigan

By Richard Water

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COMPLAINTS

household products company, became the first international borrower in the Swiss market this year to issue bonds on a coupon of less than 7 per cent. The coupon for Unilever Capital's SFr100m issue of sev-en-year bonds via Union Bank of Switzerland was set at 6% per cent, even lower than the 6% per cent expected by other market participants.

Dealers in Switzerland complained that a % per cent drop in coupon was excessive. "Uni-lever is a good triple-A rated corporate name, but it doesn't merit that sort of premium pricing," one syndicate manager

INTERNATIONAL BONDS

prices the track of the prices the first the f said. Although the lack of supply in the sector is supporting the market, consistently high short-term rates mean that many investors are still con-tent to keep their money on deposit, while others are buying more attractively priced domestic bond issues:

The structure of the Unilever issue as a private placement was also said to have discouraged smaller retail investors. The issue was swapped into floating-rate dollars at an attractive level below the London interbank offered rate. Swiss bankers complained that

SWITZERLAND's big three

banks grab more underwrit-ings when conditions in the

capital markets get tough, Reu-

Union Bank of Switzerland,

Swiss Bank Corporation and Crédit Suisse captured 80 per

cent of lead management man-

dates for franc-denominated

bonds in the second quarter of

1990, up from 62 per cent in the

With short-term Swise franc

interest rates around 9 per cent

and the average interest rates

on new bonds around 7 per cent, any bank carrying unsold

EQUITY GROUPS

ter reports from Zurich.

resurrecte Swiss top in underwriting

UNILEVER, the Angio-Dutch the tight pricing was encourag-household products company, the tight pricing was encouraging other companies to stick to aggressive funding targets. The paucity of swap opportunities in most bond markets for the bulk of this year has persuaded some issners to lower their funding targets of late.

The Unilever issue was bid outside its fees of 1% point, at less 1% point.
Also in the Swiss market,
Top Danmark, a Danish finan-

cial services company, brought a SFr80m private placement of 7% per cent six year notes via Swiss Volksbank, which also traded outside fees of 11/2 points, at less 1% bid. However, some issues are

still meeting a reasonable reception. SE Banken's SFr100m issue of 10-year notes launched Tuesday has per-formed well despite its subordi-nated status, dealers said. With US markets closed for American Independence day, primary and secondary activity in the Eurobond market came to a virtual balt. Traders were

more assiduous in quoting two-way prices in World Cup goals than in Eurobonds. The only new issue launched yesterday was targeted at Japanese investors and will not be actively traded. The State Bank of South Australia's A\$200m offering of 6 per cent 11-year bonds was issued at a deep discount to par, at a price of \$1. The lead manager is

paper on its books has to make

up the difference. That gives Switzerland's biggest three

banks the advantage, as their retail networks give them plac-

ing power unmatched by for-sign banks. The huge balance sheets the Swiss banks main-

tain at home also allows them

to carry positions that smaller

The first six months were a

question of financial muscle

and when it comes down to

that, there is no way the

smaller banks can compete with the big three," a banker

O The Financial Times Ltd 1990, Compiled by the Financial Times Ltd

Wedneslay July 4 1990

FT-ACTUARIES SHARE INDICES

banks can't afford to carry.

developed by Nasdaq.

The group, which last year more than doubled profits to FFr4.94bn (\$890m), will add the proceeds of the placing to the FFr5.6bn it raised in April from the FFr5.6bn it raised in April 1890m. from an issue of convertible

CGE will

raise up to

\$200m via

US placing

COMPAGNIE Générale

d'Electricité (CGE), the private

French telecommunications

and heavy engineering group,

is to sell between \$150m and

\$200m of its stock to US

investors in a private

CGE will carry out a series

of roadshows in US cities next

week and fix the size and price

of the placing, which is to be

lead managed by Morgan Stanley, at around July 18. The shares will be drawn

from the group's "autocontrole," or stock beld by its own subsidiaries. CGE's

autocontrole is at the moment

estimated at about 6 per cent of its capital, well within the legal limit of 10 per cent, and will be reduced further by

the placing to about 4.5 per

It will, however, have

progressively to be reduced further following legislation

last year prohibiting

CGE is taking advantage of the new Securities and Exchange Commission regulation 144a, which allows companies to place shares with qualified investors, who

must be professionals managing more than \$100m. The shares will be traded in

By George Graham

CGE said then that it would keep the cash in reserve to enable it to take quick advantage of acquisition Recently, however, it has

agreed to acquire 1.5 per cent of Alcatel, its telecommunications subsidiary, from the Crédit Lyonnais bank, and 7 per cent from ITT, its US partner, at a combined cost estimated at about \$750m.

On the Paris stock market, CGE shares closed yesterday at FFr636, up FFr1 on the

Morgan Grenfell takes Third World gamble Stephen Fidler looks at the UK merchant bank's move further into LDC debt trading

ith most international banks doing their utmost to get out of Third World debt, at first sight

it seems odd that the British merchant bank Morgan Gren-fell should be making a big effort to move more deeply into the basiness. But the bank has taken on

most of the Third World debt trading team of Libra Bank, the London-based consortium lender to Latin America liquidated by its shareholders this year. And it is arranging to borrow from its new parent. Deutsche Bank, a Third World loan portfolio of several hundred million dollars to help the group to trade.

Taking on the Libra Bank team, led by Mr Rick Haller, is

expected to expand the group's 320-strong banking division by up to 60 people - in London and in Latin America - by the time it is complete at the end of the year. Morgan is employing traders, back-office legal and settlement experts and secre-At Libra, they formed one of

the most active groups in the market, trading a face amount of debt equivalent to some \$11.8bn last year. When Libra started to wind down this year, the market's trading volume perceptibly dropped. In getting back into the Third

Bank debt conversions 0 \$ billion 5 1985 1988

Debt buybeate

exchange

World debt business, Morgan Grenfell has no interest in making new loans to Latin American governments. Its focus is on the growing number of uses to which that debt is being put. Many Third World countries are willing to exchange their foreign debt - at a discount for local currency which can then be invested locally. This can occur in formal debt-equity swaps or more frequently in informal debt conversions. The technique has controversy, but in essence it involves the use of sovereign debt by multinationals, banks and domestic companles as a vehicle for investment

in debtor countries.

the foremost debt trading teams, it had little corporate finance expertise. The money it made was usually out of broking and taking positions in the market. Morgan Grenfell had a small debt trading team of its own, now merged into the Libra team, but its strengths have been in corporate and project finance, in both Latin America and east Europe. The combination, Morgan Grenfell officials say, is an excellent fit, explaining their aggressive pur-suit of a team in demand elsewhere in London. Mr James Dundas, the Mor-

Private sector

restructuring

urce: The institute of international Finance

Local currency payments

gan Grenfell director who will be chairman of the new Morgan Grenfell Debt Arbitrage and

cent and 30 per cent since 1986.

A dramatic reduction in the

rate of inflation, including the rate at which nominal wages

rise, and tougher basic terms

for mortgage lending, have also stretched the ability of

home owners to meet their

mortgage payments. Mortgage associations hold some 6,000 properties, mainly houses,

which they have been forced to

Trading unit, says: "We have built up quite a degree of specialised strengths in debt conversions and related corporate finance activities, but so far we have had to do that without access to substantial trading."

Some from Libra have been there for more than a month. Mr Haller, who took over as the new unit's chief executive this week, says: "The essence of a successful LDC trading is having access to final demand, and a lot of that we hope will be provided by the corporate

finance team.

The third element of the strategy is likely to be provided by Deutsche Bank in one of the first concrete examples of co-operation between the German bank and its new subsidiary. Deutsche is expected to lend part of its DM5.3bn (\$3.22bn) Third World loan port-folio to Morgan Grenfell's trad-

deal has not yet been finalised, but Mr Dundas says "Deutsche has been extremely co-operative."

None the less, he is at pains to point out that the banking giant is providing no subsidy to Morgan Grenfell. "This will be an arm's length arrangement." Neither Morgan Grenfell nor Deutsche is keen to detail the arrangement. It is likely to be a

kind of repurchase agreement involving Latin American and east European assets which will be assigned to Morgan Grenfell. Morgan will undertake to deliver back to Deutsche Bank after a three or six-month period a set of assets similar to that which was lent. The face value of the debt will be less than \$1bn but more than \$100m.

Mr Haller reckons that the loan portfolio is an important element of successful trading in a market which has become concentrated more in the hands of principals and away from those who are merely brokers.

But there is a contrast that some outsiders point out. Whereas at Libra, there was no cost associated with carrying the portfolio for the traders, Morgan Grenfell will be paying Deutsche for the privilege of

using it. Nevertheless, even as brokers, in the six weeks they have been at Morgan Grenfell the early arrivals from Libra have been involved in 145 to 150 deals and already generated some profit, Mr Haller says.

Outside, the progress of this combination will be looked on with interest. The officials dismiss suggestions that the different styles of Libra and Mor-gan Grenfell will not fit, but concede that the firm is taking a significant risk.

Danish mortgage groups struggle to expand the US on the Portal professional trading system

By Hilary Barnes in Copenhagen

THIS WAS to have been the year when Denmark's bond-issuing mortgage associations came of age, converting to joint stock companies and preparing for rapid diversification into wider financial services

But for the two largest mort-gage institutions, Kreditforening Danmark (KD) and Nykredit, both of which have assets well in excess of DKr300bn (\$48bn), the year has not lived up to expectations.

The third largest mortgage

group, Byggeriets Realkredit-fond (BRF), is experiencing a smoother ride. Its conversion to joint stock company status has been completed and this autumn BRF is expected to make a sizeahle share issue.

KD and Nykredit have run into trouble with the supervi-sory authorities. Their difficul-

EQUI

ties centre on how much of their reserves are free and thus available as equity capital when they become joint stock companies

Although Libra had one of

Conversion to joint stock sta-tus is thus being delayed — ironically at a time when the mortgage groups would wel-come the opportunity to tap the capital markets for two

As the new European Community capital ratio directives come into force, Danish mortgage associations will have roughly to double the ratio of capital to assets from 4 per cent to 8 per cent. With this in mind, they built up substantial free reserves in the 1980s, but they were then hit by an abrupt change in the economic climate from 1986 onwards. Property prices have fallen in real terms by between 20 per

The problem has become so pressing that the Government recently passed legislation to give home owners some relief, primarily by an opportunity to convert 20-year mortgages into 30-year. The associations have

been forced to cut back on costs, notably by shedding Their latest move is a plan to

increase the interest margin between money raised through

bond issues and money lent to mortgagees. This will take place with retroactive effect on mortgages issued up to 20 years ago. The impact on indi-vidual householder's costs will not be great, but this is the first time that the associations have been forced to take such

Thus there is no shortage of uncertainty within the industry. In the meantime, KD says that its reserve position is deteriorating so fast that within a year it may have to curtail its normal lending programme. • Denmark will not consider a

new cut in interest rates until it has studied the effects of German economic unification, the central bank said. The bank recently cut key interest rates by half a point, the third such reduction this year.

Schneider closes offer following heavy demand

By George Graham

SCHNEIDER, the French construction and electrical engineering group, has closed its offer of convertible bonds with attached warrants in the face of heavy demand from existing shareholders.

The issue, planned at FF12.6hn, has been extended to FF13bn to meet the requirements of shareholders using their priority subscription rights. The offer will not be opened to the public. Each convertible bond with

attached warrant was priced at FFr1,300. The bonds carry a coupon of 6.5 per cent. Schneider said that both the

FFr800m international tranche, led by Banque Pari-has, and the domestic tranche had met anccess.

A total of 24,471 option con-tracts changed hands, slightly

below the previous session. Yes terday's total was made up of 13,633 calle and 10,638 puts.

The FT-SE index options trade

in conjunction with the institute of Actuaries and the Faculty of Actuaries

		·							2	29	(approx)
Fi	SUB-SECTIONS gures in perentheses show number of stocks per section	Index No.	Day's Cleange	Est. Eprnings Yield% (Max.)	Grees Div. Yield % (Act at (25%)	Est. P/E Ratio (Net)	nd adj. 1990 to date	index No.	ladex No.	Index No.	Index No.
_1	CAPITAL G00DS (196)	884.90	-1.4	13.10	5.25	9.32	19.75	897.43	899.78	900.08	998.39
2		1124.50	-1.5	13.62	5.35	9.07	27.29		1154.15		1187.92
. 3	Contracting, Construction (36)		-13	16.79	5.71	7.75	34.92		1477.32		1615.15
4	Electricals (10)	2499.89	-0.6	11.49	5.33	10,71	61.43		253L44		2827_30
5	Electronics (26)	1825.33	- 1.5	10.34	4.41	12.59	26.12		1817.05		2179.63
6	Engineering-Aerospace (8)	469.63	-1.0	13.80	5.01	8.63	9.54	474.52	475.69	476.96	0.00
7	Engineering-General (46)		0.6	11.90	5.17	10.17	10.10	496.90	498.48	498.02	0.00
8	Metais and Metai Forming (6)		-10	23.74	6.85	5.12	16.45	495.64	500.85	498.21	511.40
9	Motors (14)	369.92	-1.5	15.02	6.22	7.75	9.81	375.69	376.90	390.11	326.17
10	Other Industrial Materials (24)	[1580.13	-1.9	11.10	5.09	10.39	36.58		1619.67	1622.60	
21	CONSUMER GROUP (178)	1312.46	-0.5	9.32	3.85	13.24	20.52	1319.07	1320.45		
22	Brewers and Distillers (22)	1616.21	-0.4	9.43	3.60	12.74	23.38		1620.67		1356.48
25	Food Manufacturing (20)	1114.08	-0.5	10.29	4.30	12.03	19.91	1119.26		1125.73	
26	Food Retailing (16)	Z545.42	-0.2	9.10	3.23	14.06	33.61		2542.48		2353.05 2241.74
27	Health and Household (15)	2266.86	-1.2	6.70	2.70	17.75	25.10			2585.07 1522.31	
29	Leisure (32)	1504.56	-0.7	9.70	4.10 5.66	12.55	24.42 12.94	1535.34 607.79	1518.68 607.23	608.60	
31	Packaging & Paper (12)	200.70	-0.2 -0.3	10.93 10.60	5.15	1171		3593.35			
32	Stores (34)		+0.2	11.04	4.65	11.66	15.80	803.60	813.78	812.71	817.95
			-0.5	12.10	7.07	10.43	18.26	511.55	504.64	504.88	
35	Textiles (11)	200.90	-0.7	10.85	4.94	11.10	17.19		1205.66		1113.87
40	Agencies (17)	TT70.01	-0.5	5.76	2.21	21.02	15.27		1715.64		1358.98
42	Chemicals (23)	1277 12	-0.8	11.04	5.19	10.59	31.39		1291.06		1275.84
43		1654 37	-0.9	10.38	6.02	11.54	31.95	1669.67	1690.22		1659.31
44	Tenence (13)	2287.80	-11	10.73	4.50	11.83	47.77	2312.52	2311.05	2326.27	2454.18
42	Transport (13)	1254 99	-Lo	10.69	4,49	12 17	3.78		1241.96	1239 11	
47	Water(10)	1972 82	+0.8	16.26	6.86	6.88		1956.75	1958.83	196L92	0.00
46		1816.16	-0.4	12.02	4.93	9.49	37.62		1841.31		1662.96
40		1182.43	-0.8	10.71	4.53	11.40		1191.68			1150.63
		2298 27		12.26	5.37	10.78		2297.91			2107.29
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_59	500 SHARE INDEX (500)	1276.36	-0.7	10.92	4.64	11.31	22.08	1284.96	1285.58	1286.22	
			-0.3	_	5.71	-	21.09	803.35	805.62	809.35	730.23
62	Banks (9)	830.01	-0.1	19.74	6.50	6.64	25.62	830.95	83378	838.00	
65	Insurance (Life) (7)	1476.46	-0.5	-	4.97	- !	36.94			1519.19	576.82
	Insurance (Composite) (6)	701.18	-0.9		5.90	15.32	19.43	707.45	709.78 1016.15	713.11 1020.62	954.27
67	Insurance (Brokers) (8)	11008.38	-0.8	8.60	6.35	15.52	31.64 10.76	1016.66 438.87	437.86	437.86	330.90
	Merchant Banks (7)	459.43	+0.1	7.90	4.61 4.23	16.20		1113.20	137.00 1107.72	1106.38	1304.56
69	Property (47)	201 26	+0.1	10.60	6.71	12.25	7.47	293.02	294.99	296.94	
	Other Financial (24)	271.20	-0.6	Tinign	3.21		15.35	1222 50	1225 16		1157.14
71	Investment Trusts (67)	1215 91	-0.5			10.45			1456.62		1329.33
91		146/./4	-0.8	9.60	6.23	12.45	44.49	1479.49			
99	ALL-SHARE INDEX (680)	1162.19	-0.6		4.76		21.57	1169.35	1170.25	1171.28	1109.36
	, -	Index -	Day's	Day's	Day's	Jul	Jei	Jen	Jaa	Jua	Year
		No.	Change	High (a)	Low (b)	3	2	29	28	27	ago
	FT-SE 100 SHARE INDEX4	2355.5	-16.2	2366.8	2352.7	2371.7	2372.0	2374.6	2355.7	2373.5	2162.9

See.	FIX	ED I	NTE	REST	r		AVERAGE GROSS REDEMPTION YIELDS		Wed Jul 4	Tue Jul 3	Year ago (approx.)
	PRICE INDICES	Wed Jul 4	Day's change %	Tue Jul 3	xd adj. teday	xd adj. 1990 to date	1 2 3	British Government Low 5 years Compone 15 years	10.74 10.73 10.73	10.73 10.73 10.73	9,37
2 3 4	5-15 years Over 15 years Irredeemables	115.71 121.81 125.10 142.68	-0.05 +0.01 +0.05	115.73 121.87 125.08 142.61	-	6.53 6.91 6.15 7.35	7 8 9	Medium 5 years. Coupons 15 years. 25 years. High 5 years. Coupons 15 years. 25 years. Irredecatables.	12.05 11.26 10.91 12.15 11.50	12.02 11.26 10.92 12.11 11.50 11.14 10.75	9.86 9.42 10.95 10.07 9.60
6	Index-Linked Up to 5 years Over 5 years	121.84 146.59 137.71 138.26	+0.02 +0.07	146.56 137.62	=	1.49 2.03 1.99	11 12 13 14	Index-Linked Inflation rate 5% Inflation rate 10% Inflation rate 10% Inflation rate 10% Up to 5yrs. Over 5 yrs. Dels & 5 years	4.24 4.28 4.06	5,35 4,24 4,27 4,06	3.68 2.97 3.51
_	Preference	Í		100.99 74.74		6.11 3.45	16	Leass 15 years	12.82 12.50 12.33	12.79 12.47 12.33	11.70 11.35

Opening Index 2366.8; 9 am 2364.3; 10 am 2357.4; 11 am 2353.4; Noon 2355.8; 1 ym 2355.0; 2 pm 2353.8; 3 pm 2354.9; 4 pm 2355.3; 4.10 pm 2355.4; (a) 8.30 pm 2357.4; 11 am 2354.9; 4 pm 2355.3; 4.10 pm 2355.4; (a) 8.30 pm 2357.4; 12 pm 2358.8; 3 pm 2358.9; 4 pm 2358.9; 4 pm 2358.9; 4 pm 2358.9; 4 pm 2358.9; 5 pm 2358.9; 6 pm 235

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY 78

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TRADITIONAL OPTIONS

First Dealings Lest Dealings Last Declarations For settlement or rate indications	Oct. 15	London Share Service Calls in ASDA, Aviva Pet., Burton, Gaelic Res. and Next. Put in Speyhawk. Put and call Spey- hawk.

LONDON TRADED OPTIONS

THE futures and options markets were unable yesterday to shake off the sluggish trading pattern of recent days. The primary cause of the lack of activity was the cio-sure of the US market for a holi-

However, the futures market began with a burst of sotivity as Institutions sold a modest amount of September FT-SE 100 Index contracts. September's lead over the cash market narrowed to

the rest of the day in a nerrow image. September closed at 2.424, down 10 points on the day, having traded 2,063 lots, a decline in turnover of around 30 per cent from the previous session. The cash market closed barely

changed at 69 points.

Activity in the options market was also depressed by the lack of business transacted on the stock market. The FT-SE Index has

4.578 contracts, up from 3,481. Yesterday's total was made up of 1,350 calls and 3,228 puts. The July 2,350 puts were the busiest series trading 832 contracts. Among the stock options, STC around 60 points, which was close to fair value.

The futures market decline had little impact on the stock market. By lunchtime the index futures had drifted higher and then spent. . CALLS ... PUTS ... Galler

Species Jan Sec Jan Jan Sec Jan	Option Jul Oct Jan Jai Oct Jan	Option Say Det Mar Say Det Har
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Poor performance from leisure associate casts shadow over brewer

Greene King tops up to £20.1m

GREENE KING, the East brands this year.

Anglian brewer, yesterday "We intend that Greene King Anglian brewer, yesterday reported pre-tax profits of £20.14m, up 5 per cent and in line with market expectations, for the year ended April 29

But the strong trading performance was overshadowed by problems at Big R Leisure, its associate which operates roller skating rinks, night clubs and other leisure facili-

Greene King has written off, as an extraordinary item, the £736,000 after-tax cost of its 35 per cent stake in the company. Mr Simon Redman, chairman, said that Big R, which has debts of £22m, had been "suffering from relatively depressed trading."
Greene King's shares closed.

10p down at 370p.
Trading profits from brewing and pub retailing increased by 20 per cent to £18.23m (£15.12m) on turnover of £109.16m (£103.59m).

Total beer sales increased by over 5,500 barrels; and the company, which is buying 87 more pubs in the south-east, has con-cluded trading arrangements with Bass and Allied-Lyons for the supply of its IPA and Abbot ale brands as guest beers. More than £1m is being spent on advertising the should trade as a tightly focused, vertically integrated brewer, wholesaler and pub retailer throughout the south-east," Mr Redman sald.

Continued sluggishness in the East Anglian property mar-ket reduced the profit contribution from property disposals from £3.24m last year to

Interest payments rose from Earnings per share were up 4 per cent from 32.7p to 34.1p. A final dividend of 6.9p is proposed, increasing the total dividend by 13 per cent to 9.8p.

After freeing itself from the shadow of the Elders' share-holding, Greene King is a bit infortunate to find lived now with the overhanging problem of its investment in Big R Leisure. Big R's debts are guaranteed by Greene King but analysts are uncertain whether its charge on assets is enough to cover them. Until Big R's position improves it is likely to be tion improves, it is likely to be a drag on the brewer's share price. Greene King's core business, on the other hand, looks solidly based and its growth prospects good. It is expanding its pub estate shrewdly. Its ale



Simon Redman: More than £1m is being spent on advertising IPA and Abbot ale brands this year

brands should do well as guest beens in the termanted houses of Bass, Allied and Whithread. The conversion of its Biggles-wade brewery to the produc-tion of Harp lager will contrib-ute increased profits. When property prices improve, the

company will also have a stock of pubs and development land to sell. Analysts are expecting 21 per cent growth in trading profits this year, with pre-tax profits up 7 per cent to about £21.5m, on a prospective p/e of

Telegraph owner buys 10% Trinity stake

MR CONRAD BLACK, the Canadian publisher of the Daily Telegraph, has built up his first stake in Britain's regional press - a 10 per cent

regional press — a 10 per can holding in Trinity International, publisher of the Liverpool Dally Post and Echo.

Trinity, the Chester-based group which also has paper and packaging manufacturing interests, said yesterday that it had been informed by a had been informed by a director of Hollinger, Mr Black's main holding company, that the stake had been built up through nominee accounts. The share buying began late last year and Trinity said an analysis of its share register showed that Mercury Asset Management Group had socumulated a stake of shout 10 per cent in the company. The analysis also turned up further shares held through

nomines accounts where the ultimate ownership was

Last year Hollinger built up stake, now 9 per cent, in United Newspapers, publisher of the Daily and Sunday Express, in a similar way through nominees.
If Mr Black's ultimate sim is

to take control of Trinity he has a very difficult task on his hands. Since 1904 when the company was first incorporated, control has rested with only 12 voting shares held by executive

The share structure of the closed company was designed by the then owners of the Liberal newspaper group to attentions from predsiory Tory press barons.
Trinity is just as keen to retain the company's

independence today.

Mr Liam Corrigan, group development manager said he had "absolutely no idea" why Mr Black had bought the stake.

"He obviously knows our company through Canada and the UK Parhans he sees us as the UK. Perhaps he sees us as an undervalued share, which we are," Mr Corrigan said.

In May, Trinity bought a small Canadian paper, The Richmond Review, from Mr Black. Earlier this year the Chester company paid about 22m for two free and one 12m for two free and one paid-for local newspapers in

Its Canadian newspaper interests include a string of weeklies in British Columbia with a total weekly circulation of 800,000 and a delly in Red

purchase of the Richmond Review that the Hollinger share purchase was disclosed in all 5.6m shares are balieve to have been bought by

Hollinger at prices ranging from 170p to 200p.

Trinity, which has a small stake in British Satellite Broadcasting, is capitalised at about £100m and made pre-tax. profits of £17.65m on turnover of £118.6m in the year to

By instinct and record Mr Black is the sort of businessman who likes to control things. The only way he could get influence over the 12 men with the voting aboves would be to take such a large equity stake in the company that he could not be ignored.

Mr Black was not available

ANOTHER BUSY WEEK AT SAMUEL MONTAGU...

Monday 18th June

Announced and underwrote £22 million rights issue for <u>Sketchley.</u>

Tuesday 19th June

Together with Düsseldorf office of Trinkaus Montagu GmbH, advised British Steel on the acquisition of Klöckner-Werke's sectional steel division at Troisdorf in West Germany

Wednesday 20th June

Completed the £23 million acquisition by Lloyds Chemists of the Cross Herbert chain of chemist stores, largely financed by successful £13 million share offer.

Thursday 21st June

Following appointment as adviser to Tarmac Properties Limited, underwrote £12 million facility to assist funding part of 142 acre former BREL site at Swindon.

Together with the Corporate Finance team at Midland Bank S.A. Paris, advised <u>Pinault S.A.</u> on the sale of <u>Chapelle-Darblay</u> to <u>Kymmene Oy</u> for FFr 1.32 billion.

Friday 22nd June

Completed loan financing for the acquisition of Hotel des Indes in The Hague by <u>Intercontinental Hotels</u>.

Even in today's markets there is one merchant bank that's keeping busy providing innovative advice and creative financing for clients within the UK and throughout Europe.

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The second of th



a stage nearer to

By Andrew Hill

de-listing

MR ANDREW LIATED Webber is clearly not going to allow his turbulent private life to distract him from the smooth-running of his corporate

At a special shareholder meeting yesterday, Mr Lloyd Webber inched the curtain webber inched the currain down a little further on the public performance of Really Useful Group, his quoted vehicle, despite the backing of Mr Robert Holmes à Court, the Australian financier who owns 6.61 per cent of the company.

The composer has been try-ing to take RUG private through a £77.4m offer since February, but shortly after the buy-out was launched Mr Holmes à Court started buying RUG shares through Stoll Moss Theatres, a subsidiary of his private vehicle Heytesbury

At yesterday's poorly-attended meeting in London's Palace Theatre – an RUG esset - Stoll Moss objected to resolutions proposing paycompany. Mr John Whitney, RUG's managing director, explained that Lord Gowrie, the former chairman, and four directors including the broad-caster and author Mr Melvyn Bragg, were being compen-sated for the extra time they spent valuing RUG before

deciding to recommend the Lloyd Webber offer, Once it became clear that Mr Lloyd Webber was absent, it was obvious that this would be one of the duller dramas to play at the Palace. The composer already controls over 90 per cent of the shares in RUG, which owns the copyright to his recent musicals, and all five resolutions were duly

But Mr Geoffrey Davies But Mr Geoffrey Davies, from Stoil Mone's solicitures Titmuss Sainer & Webb, took the opportunity to claim that the compensation payments — ranging from £10,000 to £30,000 — should have come out of the composer's pocket that the composer's pocket rather than the company cof-

Mr Whitney said it was a company liability, and refused to comment on suggestions that the minority abareholders—including about 700 private investors—should be represented on RUC's board.

This meeting is a farce, isn't it?" asked Mr Davies from the auditorium. That's

from the auditorium. "That's for you to judge," retorted Mr Whitney from the stage. RUG's advisers are still pus-

zled about Mr Holmes à Court's intentions, "I'm sure he will protect his interests vigorously," said Mr Davies, but admitted that the Australian could not prevent Mr Lloyd Webber delisting the company's shares.

Daniel Thwaites static at £4.14m

Deniel Thwaites, the brewer, wine merchant and public which trade under Stock Exchange Rule 635(1), turned in pre-tax profits of 24.14m in the year to end-March, little changed from last year's

The result was struck on tarnover up from £51.98m to £58.77m and the tax charge was £1.46m (£1.47m).

The final dividend of 2.2p

makes a total for the year of 2.6p (2.5p) on earnings per share reduced to 12.7p (13.5p).

Comptell & Arm's....fin College & Forderfin

RUG moves It's all over bar the haggling for Globe investors

ILL they? Won't they? As the £1.11bn bid for Globe Invest-ment Trust heads towards its final close on Monday the question of whether the British Coal pension funds secure control of their target is still unan-

The past few days have cer-tainly been more helpful to the bidder. Trading volume in Globe shares, which last week averaged around 2.5m shares a day, has reached 1.6m, 3.1m and then 11m over the past three trading ses-

Purchases made in vesterday's downbeat market can only be estimated, but the pen-sion funds probably owned around 44 per cent of their target by the close.

To this should be added a

small level of acceptances; 1.5 per cent was the last declared figure, although some shares may subsequently have passed

through the market.

That said, the big shareholders — who include the Prudential, Pearl, Postel, Equitable Life and Save & Prosper — have generally stayed put so far. Moreover, the last two have indicated publicly that in the absence of a charm that, in the absence of a sharp market fall or a change of con-trol, they are unlikely to be

Globe, meanwhile, guesstimates that over 90 per cent of its 42,000 small shareholders remain loyal to date - although the bidder begs to

In short, as one participant puts it, "this battle is going all the way to the wire".

For the past two weeks, the underlying issue on which the outcome will be decided has been plain. Price is the key, and the weeksproper comparison. and the vociferous campaign-ing – which embraced every-thing from issues of wider share ownership to the future

of the investment trust indus-try - has abated. The argu-ments, therefore, are relatively straightforward, even if the Both sides are willing to

start from Datastream's estimate of net asset value, which stood at around 215p a share yesterday afternoon. This adopts Globe's audited revaluation of its unquoted portfolio and allows for the recent uplift

in the value of the Reedpack stake. It also assumes the write-off of Globe's British & Commonwealth holding. Both parties also add in 0.5p for the surplus on dealing investments and properties.

The bidder then deducts an

estimated 1.4p for Globe bid costs, to give around 214.1p. That compares with an offer price of 205p, repre-senting a discount of 4.2 per

Globe, by contrast, adds back the 4p a share final divi-dend, which will not be paid out if British Coal wins. It also includes 8.1p a share for its fund management operations

Now all the campaigning has abated, the key to the future of Globe Investment Trust now depends on one thing — the price, writes Nikki

and 3.4p for the value to the trust of its debenture stock. The figure then tops the 230p-a-share mark, and the discount

provided by the bid price is well over 10 per cent. Analysts, and some institu-tions, seem to hover between the two sums. But even if allowance is only made for the dividend, part of the fund management companies' value, and the estimated bid costs, the net effect is a discount of 6-7 per

hat is on the mean side; investment trusts are usually taken out at discounts of 5 per cent or less. And this fact clearly sticks in some institutional investors' gullets. "It might be wrong in the short-term to stay put, but I wouldn't want a precedent set," comments one fund man-ager with extensive trust holdings, although only a small ke in Globs

Among the larger institu-tions, the Pearl - another sig-- concurs with this sort of thinking. It has yet to decide on Globe, but suggests that 5 per cent "isn't a bad ball-park" for an acceptable exit dis-

The painful reminder of TR Industrial & General adds grist to this mill. The £560m trust was secured by the pension funds on an 8 per cent discount in 1988 after institutional investors panicked, and may have encouraged the funds to think that Globe could be picked off at a similar

Moreover, the City knows that BCPF has used investment trusts as a cheap and per-formance-bolstering route into the equity market before; presumably, it may do so in the

Small shareholders - less interested in setting guidelines for predatory action in the sector - may view the matter slightly differently. What they need to weigh up are the vari-ous scenarios should the Coal funds fall tamblingly short of lerson to hi

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control. The possible upside is that the Coal funds come back in a year with more attractive terms, or that some form of reconstruction/change in investment policy is worked

These are matters on which neither side will comment, although BCPF does argue that, had a reconstruction been attractive, Globe would probebly have played this card

The downside is the "cresping control" scenario — whereby BCPF adds 2 per cent to its stake each year, and gains control without a new bid. That, however, is dis-missed as unlikely by Globe, and some analysis, at least,

Such behaviour would incur the wrath of other institutions: as one pundit puts it. After TRIG, I think they'll have to

play it straight".

The final question is whether institutions will become "panic" sellers before the hidder reaches the 50 per cent murk

If the City scents victory, there is a possibility that that they will seek to ball out for cash, rather than accept the offer and wait for payment in a few weeks' time. The "herd" has not charged yet, but there are still three days to go.

Hearts backers

Yellowhammer director resigns from main board

By Alica Remailtorn

ONE OF the directors of a generous settlement as part Yellowhammer, the troubled of the rationalisation of the advertising agency, yesterday resigned from the main board. The resignation of Ms Sara Pearson, who has left the main board but will continue to work within the group, comes only a few days after the departure of Mr Les Hewitt, the former media director of its main London advertising agency.

Yellowhammer, which was the to publish its preliminary results last month, has suffered severely from the slump in the UK advertising industry. A few months ago it warned shareholders that it would fall into losses of £3.6m in the year to March 31.

Mr Jon Summerill, chairman, said Ms Pearson had left the board to concentrate on her role as managing director of SPA, the public relations

consultancy.
Mr Summerill said Ma Pear son's resignation was "com-pletely unconnected" with Mr Hewitt's departure. Mr Hewitt, who was on the board of the London agency, had left "with

Total last year

9.5 4.96 3.3 3.5 0.941 8.7 2.1

141/2 141/2 135/3 125/3 125/3 125/3 125/3 111/2

for year

9.5 5 3.7 -9.8 3.2 70.65 0.1 nll

DIVIDENDS ANNOUNCED

Aug 8 Aug 24 Oct 1 Aug 10 July 31 Aug 16 Oct 1 Oct 1

Aug 16 Sept 17 Aug 14 Oct 5

Dividends shown pence per share not except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. •Irish currency.

PUBLIC WORKS LOAN BOARD RATES

"Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal, †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Current Date of payment payment

fin 6.65 fin 3.35 fin 2.4 fint 1.25† first 0.2933

8.9 1.6 10.69

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agency.
Yellowhammer has been rationalising its operations since the start of the year. The workforcs of the London agency has been reduced by 20 to 130. The group has also cut costs by merging or closing poorly performing subsidiaries, including its Spanish and French agencies French agencies.

Mr Summerill squashed City
speculation that Yellowhammer — which has heavy debts

 was under pressure from its bank. He said the bank was "not exactly relaxed" but Yel-Integracity relaxed but Yellowhammer was operating within its overdraft limits. The preliminary results would be published "once the auditors have signed them off in 10 or 12 days."

Yellowhammer has been abroaded by hid speculation.

shrouded by bid speculation for several months. Woollams Moira Gaskin O'Mailey, a privately owned London agency, disclosed a sizable minority stake shortly after the profits warning in March.

strike at Hibs club defenders By Clare Pearson. SUPPORTERS of Heart of

6.1m contested bid for Edinburgh Hibernian yesterday launched a strong attack against the owner of the Scot-

tish Premier League club. Two directors of Hibs who have broken ranks to support Heart's offensive, Mr David Rowland, deputy chairman, and Mr Jeremy James, a direc-tor, described as "wholly irre-sponsible" a defence document put out last Friday. They claimed that a forecast of the loss for the year to end-

July made last week by Hibs was "seriously misleading". It was not made clear that the \$2.4m figure was based on the assumption that £1.5m would be realised by the sale of play-

of its shares where replies to Section 212 notices had proved unsatisfactory. It also urged shareholders to continue to reject Hearts' offer.

Office & Electronic deeper in the red Office and Electronic Machines

with a pre-tax loss of £2.39m compared with a deficit of £1.84m for the preceding year.

Net losses per share showed an increase from 30p to 39.1p. There is no final dividend leav-

maintain trustee status) as the sole payment for the Turnover fell from £19.22m to £16.77m; the operating loss was £2.14m (£1.6m) before an exceptional debit of £35,000

ing the 0.1p interim (paid to

(£92,000). Interest payable was £291,000 (£331,000) and extraordinary items amounted to £995,000 (£550,000).

BOARD MEETINGS

The second secon

Notice is hereby given that Principal Payment of £12,500,000 will be made on lowing interest period.

upp Euroclear and CEDSL.

Weekly net asset (Seaboard) N.V. Listed on the Amsterdam Stock Exchange

Informative Pierson, Heldring & Pier Rukin 55, 1012 KK Ame an NV. Tel. + 31-20-5211188.

> A service of the person of the service

ets. If that failed to happen, the figure would be £4m.

Meanwhile, Hibs announced it had succeeded in obtaining a court order freezing 25 per cent

MAES Funding No. 1 PLC £200,000,000 .

5th July, 1990 resulting in a Principal Amount Outstanding of £144,800,000 for the The individual notes to be redeemed will be drawn by lottery on a proportionate basis

MAES Funding No. 1 PLC 2nd July, 1990

Tokyo Pacific Holdings as at 29-6 was USS 193.89



Verson to halve gearing

with £10m rights issue

By Charles Leadbeater, Industrial Editor

UK COMPANY NEWS

laggling Monument plans £29m cash call

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Hearts back

Strike at H club defende

fast-growing independent oil company, yesterday announced a £28.75m rights issue and plans to acquire, for £20.01m in shares, the oil and gas assets of Nimex Resources; the private company which has a 40.2 per cent stake in Monument.

Monument is offering its shareholders seven shares at 37p each for every 25 shares held. The shares yesterday

Moreover to the control of the contr closed off 2p at 44% p. Nimex has agreed not to take up its entitlement of shares, which are to be can-celled. This will maintain Nimex's share holding in Monissue of 54m shares to pay for the oil and gas assets. Thus, in

VERSON International, the

West Midlands based machin-ery maker, yesterday unveiled plans for a £10m rights issue.

Mr Tim Kelleher, chairman and chief executive, said the issue, which will halve gearing to close to 53 per cent, will give the group the flexibility to make further acquisitions in

The board and the two ven-

ture capital organisations which have been backing the

management and own about 63 per cent of the equity have

By William Dullforce in Geneva.

SOCIETE GENERALE de

Surveillance, the Swiss group which is the world leader in inspection and testing ser-

vices, yesterday announced a £15.6m recommended cash offer for Technology Project Services, the UK engineering personnel services company.

SGS, which is offering 325p

for each TPS share, said it has

received a favourable response from institutional

and management sharehold-ers representing 60.09 per cent

The Swiss group said it was

of the total capital.

MONUMENT Oil and Gas, the effect Nimez is paying for its fast-growing independent oil entitlement under the rights issue with assets rather than

> The assets will expand Monument's activities beyond the UK and include acreage in Malaysia, Thailand, Burma, the Philippines, Australia, Pakistan, Egypt, and the East China Sea. This includes some discoveries under appraisal.

> Mr Tony Craven Walker, who will formally become chief executive at Monument, said Nimex had always intended to merge the two companies' assets, but that Monument was initially too small to contem-

> According to the annual report released with details of the rights issue, Verson's order

book has risen from £80m to

TPS warms to £16m Swiss bid

1989 achieved turnover of

£14.1m, supplies consultants,

engineering and technical

and European companies, principally in the telecommu-nications and electronics sec-

The offer price compares with the 330p paid just before trading was suspended in TPS

shares on Tuesday. It repre-

sents a premium of 20 per cent over the price at which the shares were trading in March, when TPS announced

that Mr Richard Avery, its

paying 14 times the 1989 earnings of TPS.

The UK company, which in which might lead to an offer

"We are trying to build for the late 1990s," he said. Proceeds from the rights issue will be used to fund an expanded exploration programme and to increase the size of Monument's exploration portfolio. Monument has also raised 27.8m from disposing of its interests in the Bruce and

Keith fields to Total Oil Marine, part of the French oil Monument said yesterday that it had made eight oil or gas discoveries in its first nine wells drilled this year. This includes a gas discovery in block 110/13, in which Monument has a 25 per cent interest. which tested at 70m cu ft a

The deal will strip Nimex of further its oil assets and the manage ment teams at the two companies will be merged under Mr Craven Walker's leadership. Miss Liz Airey will become Monument finance director, while Mr Jim Hornabrook will be appointed exploration direc-

Monument shares, which previously traded on the Unlisted Securities Market, are to join the main market.

The oil assets acquired by Monument in the deal were valued at \$29.56m (£16.5m) by Scott Pickford, a firm of independent consultants. County NatWest Wood Mackenzie has underwritten the

Helene's £2.6m rights to fund sales expansion

agreed to waive their rights to and textile merchant, has announced a £2.62m rights the issue. Their state has been pre-placed at a premium with institutional investors at a issue to fund its expansion. price of 43.5p.

The institutions are under-14.4m new shares at 20p each on a 1-for-4 basis. The share willing the remainder of the two-for-seven issue, which is being made at 40p, about a 15 per cant discount to the marwriting the remainder of the price shed lp yesterday to

close at 24p.

Mr Monty Burkeman, chairman and joint managing director, said the company's sales had grown by 50 per cent last year to £62m - the pre-tax over was 22 per cent ahead of the comparable period, "We need to finance it," he said. Mr Burkeman explained that

The issue has been fully underwritten by Allied Provincial Securities. Helene had also arranged a

\$5m unsecured term loan with National Westminster.

By Jane Fuller HELENE, the clothing maker

The company plans to offer

profit was £4.1m. In the first five months of this year turn-

for the whole company.

The premium above the

price prevailing in December, before newspaper speculation about a sale started, is 55 per

As an alternative to the

can choose to take loan notes

of the same nominal value issued by SGS (UK), carrying interest at a floating rate of 1

per cant below the six-month

SGS, active in some 140 countries, last year reported a

25 per cent increase to

SFr155m (262.5m) in net con-

solidated earnings on reve-

AROUND THE PACIFIC

Helene needed to have the capacity to get orders ready for its retail customers, who would have arranged to take delivery at any time over a three-month

Former BAA chief receives £221,000 compensation

Mr Jeremy Marshall, who resigned last year as chief executive of BAA, the former British Airports Authority, received £221,000 in compensation , according to the group's

annual report.

The resignation followed differences with Sir Norman Payne, BAA's chairman, over the future direction of the company. His recently appointed successor is Sir John Egan, for-

mer chairman of Jaguar. Sir Norman this year received a 28 per cent pay rise worth 272,000, taking his annual salary to £330,000. Last month BAA announced a 29 per increase in pre-tax profits for the year to March 31.

£14.6m for acquisitions

HOGG GROUP, the insurance broker which has made 29 acquisitions in 4½ years, is raising £14.6m via a rights issue to fund further pur-

The shopping list includes parts of the British & Commonwealth insurance broking operation, which is being sold off by the adminis-

The 1-for-5 issue of 10.1m new shares is priced at 150p, compared with yesterday's close of 175p, down 5p after

The group, which last year made pre-tax profits of £13.6m on sales of £93.9m, has about half its business in the UK and most of the rest in the US.

Mr James Vaughn, chairman, said a number of acquisitions were in the pipeline and rather than repeatedly making vendor placements it was thought better to have one Initially, the proceeds would

reduce debt - loans totalled 223m - but that was not the main reason for the move. Interest payments had been covered about six times by last

year's operating profit.

The group did, however, have very low net assets because of writing off goodwill

on acquisitions.

Mr Peter Davidson, finance director, said: "If we want to do another five or six acquisitions in the next 10 months and we borrowed all the money to do it, we would be worried about debt. Because of that and because of the balance sheet we want to do the deals for alures,"

Although the UK retail insurance business remained difficult, it only constituted 15 per cent of group business. Other areas were buoyant and the DK wholesale market was

the DE wholesale market was improving.

The group expected to be able to increase the total dividend for this year by just over 10 per cent to 5p on the enlarged share capital.

The rights issue has been underwritten by NM Rothschild & Sons and UBS Phillips & Drew Securities, which is the broker to the laste.

Hogg seeks Northumbrian keeps project costs down and achieves £10m

By Clare Pearson

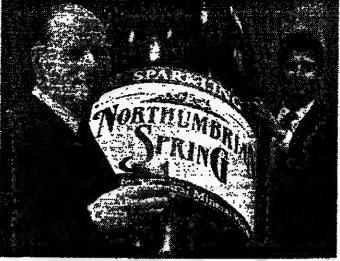
NORTHUMBRIAN Water yesterday gave an encouraging signal about cost controls in the privatised water industry when it revealed it had underspent its budget for capital projects by 8 per cent during the year to end-March.

Northumbrian spent 266m against an expected 271m. Mr Mike Murden, managing direc-tor, said only about £1m of the difference arose from spending carried over into the current year. The rest was cost-saving. The statement came as Northumbrian announced pretax profits for the year of £10m. against the £5.5m promised in the prospectus. It made £10.1m in 1988-89. On a pro forma basis, assuming the new capital structure had been in place since the start of the year, it made \$4.5m more than forecast at £54.8m before tax.

Northumbrian plans to spend about £100m on capital projects this year, and about £550m over a five-year period. Mr Murden also said that Northumbrian, which enjoys abundant supplies from the Kielder reservoir, could guar-antee that it would not have to impose restrictions on water

use for the rest of the year. A dividend of 10,69p is reca dividend of 10.65p is recommended, in line with the December prospectus. Proforms the payment is 16.04p with earnings per share of 78.3p. Turnover rose to £150.9m (£141.7m).

Mr Murden said Northumbrian's scheme to move into waste management had cur-rently been blocked with plan-ning applications for two treatment plants having been turned down. It was appealing



Sir Michael Straker, chairman, (left) and Mike Murden, managing director: "We've got off to a good start"

against those decisions.

Northumbrian has also made a move into cable television through an option to buy shares in a venture which has just won a franchise in the

Mr Murden said Northumbrian was now on friendly terms with Lyonnaise des Eaux, the French company which owns two of the private water companies in the area, Newcastle and Gateshead and Sunderland and South Shields.

Just how far the market has discounted the Government's anti-merger stance on the water industry was demon-strated yesterday when Mr Nicholas Ridley announced a decision effectively to block

ding for Mid-Kent Water. The water sector nevertheless market and Northumbrian, where a very strong initial share price performance last December was partly powered by speculation about the intentions of Lyonnaise, was up there with the rest of them. Back to business: it is a peculiarity of privatisation restructuring that Northumbrian's pre-tax profits will be lower this year than last at about £47m. But that is no reflection on the management, where the news on how capital expenditure was handled last year yesterday only enhanced a good reputation. The shares are sound value on a prospective yield of nearly 8 per cent.

Generale des Eaux from bid-

Colefax and Fowler up 48% to £4m

COLEFAX AND Fowler Group, the wallpaper, fabric and furmture company, yesterday tran-scended the gloom prevalent in the retail sector by unveiling a 46 per cent advance in annual profits.

The rise - from £2.71m to £4.01m - reflected an increased contribution from overseas, and was achieved on sales ahead 61 per cent to

230,73m, 48 per cent of which were generated outside the UK. Colefax's overseas exposure and its concentration on the to insulate it from the current malaise in UK consumer

Some 80 per cent of total sales come from the product division where, helped by new collections, the Colefax and Powler brand lifted trade unless by 24 per cent. Sales in the US and Austra-lia rose by 15 and 16 per cent

respectively, while export sales to other areas, mainly Europe, advanced 22 per cent.

per cent of sales. Mr David Green, chairman, said that while the operation had performed well he did not anticipate growth "in the current economic climate".

Colefax's decorating division had "an excellent year" he stated. The division, accounted for about 20 per cent of sales. Earnings per share, aided by a reduced tax charge, expanded to 18.4p (11.6p). A recom-mended final dividend of 2.4p

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AROUND THE CARIBBEAN Hong Kong Telecom's 18,000 employees provide one of the Cable & Wireless operates local IN EUROPE most modern telephone services and international services in 14 Caribbean states, linking them In the UK Mercury Communiin the world, with more than one by satellite and, via Bermuda, by phone for every two of Hong cations offers its customers a Over 60,000 business customers Kong's 51/2 million people. Cable fibre optic cable to the world. comprehensive high quality in the USA have chosen Cable & Wireless also has a major telephone and communications service. In 1992 Mercury Personal & Wireless Communications Inc holding in IDC connecting cus-Communications will launch for their long distance telecomtomers in Japan to the world via the world's first truly portable munications. Our digital system satellite and cable. telephone system. spans the States from Coast to



UK COMPANY NEWS

Brown & Tawse falls 37% | More bitter pills for Berisford shareholders on 'mirror image' trading

BROWN & Tawse Group, a distributor of steel and pipe products, has blamed the appearance of a mirror image of one of its subsidiaries for a substantial part of a 37 per cent fall in pre-tax profit.

Mr Gil Black, chairman, said Stauff Group, a hose distributor, had gone from an operating profit last year of about \$1.6m into losses of roughly £500,000. He alleged that this followed the setting up of an organisation that

mirrored its activities.

He claimed that the rival grouping involved Mr Adrian Sanderson, the former managing director of Stauff who left in June last year. About 30 managers and staff had defected to the new organisation, he said.

Brown & Tawse had taken court action in pursuit of a claim that Mr Sanderson had been in breach of a no-competition agreement. Mr John Rolph, finance director, said injunctions had been obtained in February against trading by Mr Sanderson and

which had since gone into liquidation. The case was expected to be heard in the

The Stauff factor was part of a £3.6m slide to £6.03m in Brown & Tawse's pre-tax profit for the year to March 31. Turnover advanced to £187.56m

(£165.49m). Because of shares issued to help fund the purchase of Jay Fasteners in April 1989, earnings per share fell by 40 per cent to 13p (21.6p).

The final dividend has,

an unchanged total of 9.5p.
The share price shed 5p
yesterday to close at 123p. A
profit warning in April had
already knocked it back by 33p.

The special products group, which includes Stauff, saw operating profit decrease from 25.19m to 23.39m on sales of 262.46m (252.5m). A loss was also made by P J Holloway, which distributes heating and ventilation equipment.

The core business, Brown &

Tawse Ltd, which sells tubes and pipeline equipment, increased its operating profit to 26.71m (26.28m) on sales of

£125.1m (£112.99m). Interest charges more than doubled to £4.07m (£1.87m) and gearing stood at 58 per

Mr Black said business and property disposals were being considered.

O COMMENT

The worry with Brown & Tawse is that it had a disappointing year when commercial construction, a key area of custom, was still buoyant. So what happens when the slow-down in building reaches this sector, as some companies have already noticed happening? The situation seems to be that as the bad bits - Stauff and Holloway - improve, the good areas will start to deterio-rate. Debt reduction will also be a key factor, with Holloway as one of the candidates for disposal. If pre-tax profit can be maintained at £5m, the pro-spective multiple is 10 — far from cheap. The rating is supported by a prospective yield of more than 10 per cent, and optimists might throw in recovery potential and specula-tive possibilities.

Enlarged Reg Vardy up 17%

REG VARDY has been busy using the £6.3m proceeds of its flotation to expand and ended the year to April 30 with two Ford dealerships added to its stable, a Vauxhall dealership and agreement to acquire a BMW dealer.

Taxable profits of the multifranchised motor group, which joined the main market last October, rose 17 per cent from 23.81m to £4.45m on sales up 32 per cent to £126.61m.

Two of the acquisitions take the north of England-based company down south; one of the Ford dealers is in Reading and the BMW dealer is at ation for the latter is about 21.5m cash. Other acquisition

Barnings in the year came to 3.8p (6.6p) per share. The final dividend is again 1.6p to make

unveiled taxable profits of

2886,000 for the year to March

profit expectations.

Mr Lawson said.

Earnings rose to 11p (10.5p) and a dividend of 2.4p is recom-

mended for the year.

The company is being reorganised into three divisions: specialist cars, volume cars and Anchor Ford, the latter reflecting Ford's request for a different name for Vardy's

Clare Pearson asks if Sclater has managed to clear all the skeletons in the cupboard?

THIS MORNING Mr John Sciater will make his first report as execntive chairman of Berisford International, the troubled sugar and property group for which Tate & Lyle, the sweeteners group, dropped a con-templated bid earlier this

It will look horrible: there will be no interim dividend; and coming on top of large sums set aside in previous years, there will be extra pro-visions of close to £165m, mainly in respect of Beris-ford's ill-fated venture into New York property.

Depending on what is taken above or below the line, the pre-tax figure will be about £20m, compared with the previous figure of £36.4m after £14.2m exceptional

Mr Sclater, the former non-executive director who took over as chairman after Mr Ephraim Margulies resigned in March, is expected to accompany the figures with pages of explanatory detail. These will cover, for instance, how the valuations of the properties are arrived at and how believe sheet not debt of about £1bn is made

The message is to be that Berisford is finally making a clean sweep of the obscurely tangled mess of its trading

But the problem is: share-holders have heard that line from Mr Margulies and team before. They are bound to wonder whether Mr Sclater has uncovered all the skelecupboard.

company, which also distrib-

utes seals and sealants and

other components for the sero-space industry, rose 17 per cent from 18.52m to 111.57m.

Uneco said yesterday that Finid Transfer had lifted pre-tax profits by 30 per cent and its other subsidiaries, Patto-nair and B&K, had both bene-

fited from the buoyant market

in the civil aviation sector.

No one will be keener to sak questions than Mr Garry Weston, chairman of Associ-



Garry Weston: keen to get some answers

Serisford International Share price (pence)

ated British Foods, the milling and baking group left with a 23.2 per cent stake after an aborted bid 2% years

Mr Weston said last month he would have to consider writing-down the value of his holding if Berisford disclosed substantial extra provisions in these figures.

The announcement comes during a week in which Tate & Lyie's surprise withdrawal. which came after the Monopolies and Mergers Commission had started investigating a merger of its UK sugar interests with Berisford's British Sugar, has fuelled the worst fears about the com-

This is because, in what some people saw as an unnecessarily complicated statement, it made ominous reference to concerns about the value and status" of Beris-But Tate will have thrown

considerations of its own into panied its Monday announce the equation as well. In relation to its size, Berisford was a massive bite to swallow and lation: that it had uncover Tate is already nearly 100 per cent geared. The difficultie tion laws" within its UK sugar subsidiary. Though they are presumed of financing the purchase may have loomed larger in its

hig priority with Tate was also that of preserving the profitability of its existing cane sugar interests. Valuable aid from the EC to compensate for the disadvantages of cane sugar admitted. refining as against beet was hard won by the company. This could have been put at

calculations than it publicly

risk were it to obtain a virtual monopoly of the UK sugar market by acquiring the beet refiner British Sugar

This concern has also made Tate exceedingly anxious to maintain a whiter-than-white reputation. That appears to be the reason why it accom-

ment with an intriguing revemarketing practices that might "contravene competi-

to involve price collusion, the nature and scope of these "practices" is at present a complete mystery. Tate will say nothing while it conducts an internal investigation, except that it has paid a "courtesy visit" to the Office of Fair Trading to notify

Although Tate has not said so, it is presumed British Sugar is the only party with which such collusion could have gone on. However, Berlaford has been indicating it does not know what Tate is

talking about. The matter could be quite minor, but nevertheless important both in the reason-

ing behind Tate's dropping

the hid and the moment it chose to do so. It would have been anxious to "come clean" as soon as it had detected the practices, less than two weeks ago. It may also have received hints about any view the MMC might have taken of such

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On whatever scale, they are not likely to make a big impact on Tate as a group, where Tate & Lyle Sugars accounts for only 15 per cent

of profits.

But there is speculation that the matter could be more significant for Berisford, for which British Sugar the highly regarded Mr Peter Jacobs, part of Mr Margulies' old team - is the only big

profit earner.
All in all, Mr Sciater will be bracing himself for some tough questioning, not least from Mr Weston's camp. ARF has flexed its muscles in the past, helping orchestrate the shareholder unrest that finally led to the departure of Mr Margulies and others. Indeed, many are hoping

ABF will take on a new role. In the wake of Tate's statement, Berisford stressed it was talking to other potential bidders, but these suitors have yet to make themselves

ABF, meanwhile, stands out as the only company ever to have obtained clearance to acquire British Sugar before it dropped an offer following the 1967 stock market crash. But so far, while expressing continued in British Sugar, ABF has failed to renew the bid. The market is wondering whether what emerges today will make it

Hollas Group suffers in second half

"I HAVE NEVER before experienced such a rapid deterioration in what were already very difficult trading conditions when I made my interim statement six months ago," said Mr Tony Lawson, chairman of Hollas Group, in

textile and leisurewear group had lifted pre-tax profit by \$288,000 to \$1.48m. The second half, however, saw a fall of £674.000 to leave the year's total at £2.63m (£3.03m) from turnover of 257.6m (249.54m). We have pared down everything we can without destroying the fabric of the good com-

panies which we own, and we are constantly seeking ways of improving our performance", Hawkshead Sportswear, the retail division acquired about

Surrey beats prospectus forecast announcing reduced profits for the year ended March 31 1990. Surrey Group, the licensed bookmaker which came to the At the halfway stage this USM in December, yesterday

> 31 - £46,000 above the prospecitem forescent. The outcome, achieved on turnover of £21.31m (£17.23m), compared with profits of £248,000 last time. It comprised £651,000 from bookmaking property disposals.
> At the time of the flotation,

Surrey operated 34 betting offices. Since the year-end, that number has increased to 42, and Mr Bob Green, chairman, able to avoid the results of the said the aim was to double that

public's restricted spending during the current 12 months. Earnings per 5p share emerged at 1.12p, against the forecast of 1.06p and 0.2p last time. A maiden dividend of 0.075p is proposed. powers, and financing costs of high, inherited, stock and com-mitment levels had eroded "Nevertheless, we are very satisfied with the acquisition,"

Boscombe Property reaches £74,000

Boscombe Property increased pre-tax profits from £62,275 to £73,780 in the year to March 31. However, earnings per share were lower at 61.52p (85.14p) and directors said there would be no final dividend as the continuing maintenance programme at San Remo Towers had again hit profits.

Gross rental income amounted to £634,910 (£574,374) and investment income was

Aircraft refuelling arm bolsters Umeco

A strong performance by its aircraft refuelling subsidiary helped Umeco increase taxable profits by 21 per cent from £641,000 to £773,000 in the year Sales of the USM-quoted

A final dividend of 2.26p is proposed, making a total of 3.815p on earnings of 9.8p (9p)

NEWS DIGEST

Interest charges pull down EFG

Without the exceptional property surplus and allowing for higher interest charges, EFG, the forestry and garden prodnots group, saw pre-tax profit fall from £1.24m to £495,000 in the half year ended April 1. Turnover rose to £25.4m

(£18.5m) and the operating profit to £970,000 (£620,000). erest charges were £487,000 Lord Rees, chairman, said

the difficulties facing commercial forestry and the likelihood of continuing high interest rates would affect the full results. Garden leisure activities continued to perform satisfactorily and results of the horticultural side were up to

expectations. Earnings dropped from 7.49 to 2.31p, but the interim dividend is held at 1.25p.

Increased overheads warning by Shoprite

Shoprite Group, formerly Isle of Man Enterprises, reported an 8 per cent increase from £867,000 to £936,000 in pre-tax profits for the half year to

April 28. The company is involved in commercial property develop-ment and investment and leisure-related activities, and is an operator of a retail garage and retail petrol stations.

Mr Deryck Nicholson, chair-men, said that higher wage settlements within the retail industry had caused concern, and consequently Shoprite had been faced with substantial increases. Profit growth in the second half was likely to be similar to that now reported. This would make a total of

the previous year's \$2.1m. Turnover was £15.3m against £12.4m. After tax of £145,000 (£173,000) earnings per share were 6.9p (6p). The company does not pay an interim divi-

Shoprite also announced that it has acquired a five-acre freehold site in Scotland for 21.1m to be used as a distribution facility.

Fyffes ahead 11% to I£9.23m

Fyffes, the Irish-based distributor of fresh fruit, flowers and vegetable produce, experienced a sound first half to April 30. Turnover rose 26 per cent, from 12174.4m to 15219.3m, or \$2m, while the growth in precent, from I£8.33m to I£9.23m,

OF \$3,43m. Margins were slightly lower. invest in constructing depots and new ships, and met significant costs in establishing new

supply sources in Honduras. Fully diluted earnings were 2.06p (1.91p) per share. The interim dividend is raised to 0.2533p (0.2587p).

UK ECONOMIC INDICATORS

1900 let giv. 2nd giv. 3rd giv. April May June July August Septem October Novemb 1990 let giv. January Februsary Februsary 45.67 47.29 47.29 47.29 47.49 96.4 96.1 97.0 96.6 96.1 97.1 97.1 97.1 96.5 96.7 FRANCIAL-Money supply M9, M2 and M4 (annual percent starting landing to private sector: building societies' net inflow

Mr 1989
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Greene King leading with its ale brands





	1990 (52 weeks) £000	1989 (52 weeks) £000	increase %
Turnover	109,161	103,592	+5
Trading Profit	18,231	15,115	+21
Profit before tax	20,136	19,195	+5
Earnings per share	34.1p	32.7p	+4
Dividends per share	9.8p	8.7p	+13

- Greene King are pleased to announce increased trading profits and dividend growth for the 23rd year running.
- The Company has expanded its trading area with the opening of the Tunbridge Wells Depot. Our leading ale brands, Greene King IPA Bitter and Abbot Ale, are well
- placed to take advantage of the "guest beer" market. • With strong brands and effective marketing, the Company have entered the new decade with confidence.

Greene, King & Sons, plc

RICHEMONT

about £1.9m, compared with

Compagnie Financière Richemont AG, Zug, Switzerland

Consolidated results for the year ended March 31, 1990 The Board of Directors of Compagnie Financière Richemont AG is pleased to report the consolidated results of the group for the year ended March 31, 1990.

	1990	1989
Gross sales revenue	£5,905.3 m	£4,784.1 m
Net sales revenue	£2,881.5 m	£2,367.0 m
Profit before tax	£580.4 m	£467.5 m
Net profit attributable to unitholders	£146.3 m	£106.5 m
Earnings per unit	\$254.70	£185.40
Dividend per unit	£41.25	£33.75
Unitholders' funds	£977.0 m	£828,5 m
Net assets per unit	21,701.50	£1,442.80

The consolidated financial statements of Richemont include the results of its subsidiary undertakings for the full year, Majority control of Rothmans international p.l.c. was acquired in December 1989 and appropriate deductions have been made to reflect the effective date of the acquisition. The 1989 results have been restated on the same basis for ease of comparison.

During the year under review, Richemont achieved good results. The Board of Directors is pleased to announce that the dividend to be paid to unitholders in respect of the year will be £41.25 per unit.

Richemont exercises financial and operational control over subsidiaries in the fields of luxury goods and tobacco products. Its principal manufacturing operations are located in the European Economic Community and in Switzerland. Its products are sold in more than 150 countries throughout the world.

Copies of the annual report can be obtained from the company secretary at the addresses listed below:

Compagnie Financière Richemont AG Weinbergstrasse 5 6300 Zug, Switzerland Telephone: (042) 21 03 64 Telefax: (042) 21 71 02

Richemont International Umilled 17 Hill Street London WIX 7FB, England Telephone: (071) 499 2539 Telefax: (071) 491 0524

MANAGEMENT: Marketing and Advertising

Britain's elder market UK drinks industry boomed during last year's long hot summer. Consumption rose to a record 67 am gallons more than 9 per cent higher than in 1988 — and tarmover grew to \$478m.

grew to £475m. It was the best year since a 47 per cent increase in duty in the 1984 Budget brought to an abrupt end more than two decades of growth.

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C INDICATORS

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Con whatever and the property of the part The question now for the leading cider makers - HP Bulmer, Taunton Cider, Show-erings, and Merrydown Wine - is whether they can escape the industry's apparent reli-ance on the summer to make its swallow, and sustain this renewed market expansion. The answer will largely depend on the success of a

the highly rearrest of shift in marketing strategies and an increased rate of prodnct innovation. "If we, as an industry, are to build on the gains made during 1989 then what we need is a variety of brands which are mashamedly cider and which do not have to spologise for being so," says Gray Olliver; marketing director of Shower

ings, the UK's third largest cider company, "We need brands that have a distinctive appeal and relevance to particular types of consumer." Between 1960 and 1980, cider consumption increased from 18.9m gallons to 46.5m gallons as a result of wider availabil-ity, rising prosperity, and a growing adult population. By 1984, distribution of

draught keg cider into British

Cider's raging thirst for growth

Brand innovation is now seen as the name of the game, reports Philip Rawstorne

pubs had pushed sales to 66.7m gallons. Access to the pub estates owned by the big brew-ers was the key to volume growth and market share. With the loosening of the brewers' ties, following last year's Monopolies and Mergers Commission report, a new bat-tic for distribution has begun The only obvious benefi-ciary, so far, has been Merrydown, the Sussex-based inde-pendent and leader of the premium sector which, through a deal with Showerings, has gained access to Allied Lyons' estate for its brands of bottled vintage cider. Since most pubs sell one draught cider and are unlikely to find bar space for a second er least until rates of sale begin to compete with ale or lager - the current battle is essentially for market shares. It is unlikely to result in sig-nificant growth in sales voltime is especially since the number of 18-24 year olds, the age group for which the pub is

a centre of leisure activity, is forecast to decline by 1m by

"If cider makers are to maintain their sales growth, there-fore, it is clear they must not only increase the drink's

appeal to the younger pub-goer but find new markets among other age and social groups. During the years of distribu-tion-led growth, there was littie incentive to introduce new products or to segment the market. For years, the only product differentiation was

between sweet cider and dry

cider. Advertising was focused on a few leading brands, and in the main projected cider's traditional and rural heritage with images of knights in armour, bucolic country yokels, ghostly characters from the past, and woodpeckers. After the duty increase in 1984, the first general response to declining sales was to reduce advertising. Over the period 1983-85, expenditure for the industry as a whole fell by

This reduction in advertis-ing, together with a succession of poor summers, contributed to further volume declines and a growth in own-label ciders. Merrydown countered the trend. Throughout the 1980s, it slowly strengthened its posi-tion in the premium sector it had created by supporting its strong Vintage Cider with consistent press advertising, rather enobbishly but wittily

associating the drink with the "world's most sporting cricket club...most sublime ski resort...most benevolent bank."

Currently being advertised

as "a better glass of cider", Merrydown now has 50 per cent of the premium sector. The sector forms only about 10 per cent of the bottled cider market, but industry analysts predict it will double in size over the next two years or so. Richard Purdey, Merrydown's managing director, says: "We are growing our business through quality rather than by some marketing fad which can be easily undermined by a change of fashion." The initial attempts of the bigger companies to give cider a contemporary image and compete head-on with the heavily-advertised lagers for younger drinkers were uncer-tain and largely unsuccessful. "Cider advertising," says

John Rudgard, chief executive of HP Bulmer, the market leader, "was then all about lads in pubs." Advertising by Leo Burnett for Bulmer's wider undianos." Strongbow projected it as a strong lager-like drink - the "Thirstslayer". An advertisement for Bulmer's Woodpecker, which featured

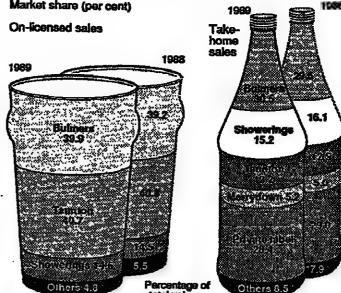
"human" woodpeckers watching party-goers flying around a garden, was dropped after criti-cism that it was irresponsibly targeting the young. Taunton Cider tried to emu-

late the flippant humour of lager advertising in a campaign for its Dry Blackthorn by WCRS Mathews Marcantonio, which urged drinkers to "forget the wet, get into the dry."

More recently, however, the industry has been finding a country and more distinctive. surer and more distinctive approach - and it has been backing it with bigger advertis-ing budgets. Bulmer's marketing spend this year will be £14.5m and Taunton's £11m. A Saatchi & Saatchi television commercial for Showerings' Gaymer's Olde English has stressed the product qual-ity — "Every drop's been dripped." Olliver says: "The

move was designed to give cider more credibility as a natural, refreshing fruit-based drink that would appeal to a Bulmer this year has tried to up date and widen the appeal of Strongbow through a lifes-tyle advertising campaign by J Walter Thompson which features a young man and a young woman drinking the

Cider market performance



On-licensed sales Take-home sales

cider in a bowling alley.

Taunton, in a campaign devised by Grey Advertising, is promoting Dry Blackthorn as a drink for celebratory occasions at any time of the year - "Def initely a Dry Blackthorn day." This switch in advertising approach for the major brands has been accompanied by an increasingly vigorous attempt to segment the market by targeting new products, of varying alcoholic strengths, at specific groups of consumers.

Showerings introduced Cop-

perhead, the first new draught cider for 20 years, and gave it an urban image in television commercials by Butterfield Day DeVito Hockney. It fol-lowed with Addlestones Vintage, promoting that product like a real ale. Taunton last year launched Red Rock, on draught and bottled, and in a series of comical communicals by Gold Greenlees Trott is now promoting it as a drink to be included in the "repertoire" of style-conscious drinkers.

But while the draught cider

market remains important -Bulmer has spent \$1.75m on newly-designed bar fonts for Strongbow and Woodpecker the main thrust of the new products has been in the pack-

aged sector.
Taunton's Diamond White the fastest-growing cider brand with a 118 per cent increase in with a 118 per cent increase in sales last year, has been posi-tioned at the premium end of the market, together with a new line extension, Diamond

Blush, and Blackthorn Super.

Bulmer has introduced Max.

Strongbow 1080 and Super, and

Showerings has launched K cider in the same sector. All three companies have put low-alcohol ciders on the market - Bulmer and Taunton concentrating on the pub trade, Showerings promoting its version as a drink for fam-ily occasions at home.

Taunton Cool and Bulmer's

Crispen have been launched as refreshing options for women looking for "bridging" products between wines and soft drinks. All this innovation, together with increased marketing investment, played its part in last year's record sales, says
Bulmer's John Rudgard.
Taunton's commercial director, Andy Nash, agrees. "Products introduced over the past five years now account for 20 per cent of our sales," he says. "I am confident that we can keep the market moving forward. After all, if we can convert just one pint of beer in every hundred to cider, our market will grow by 25 per

here are banks. There are burger bars. There is even a Brooks Brothers store. These days there is almost every sort of business.

on Madison Avenue, but very few advertising agencies.
One by one the bastions of american advertising have been driven away to cheaper buildings downtown or on the west side. Only a handful of agencies remain. Ofmicom is one of the survivors.

one of the survivors.

Omnicom is far from typical of the old breed of American. Harper—the omens were far agencies. It is the product of from suspicious. The US advertise wave of mergers and acquisitisting injustry was then under attack from the acquisitive UK. agencies. It is the product of the wave of mergers and acqui-sitions that changed the face of US advertising in the 1980s. Omnicom is not a conventional advertising agency but the holding company for two of the world's largest advertising natworks, and an assortment of nue was that Omnicom stood other marketing consultancies. for "Operations May Improve Omnicom is already the Considering Our Merger". world's fourth largest market. The joke was still being tolding services group — after a yeer later when Bruce Craw-WPP and Scatchi & Sastchi of ford — who had chaired BBDO the UK, and Interpublic of the

After the mergers come the global aspirations

Alice Rawsthorn examines Omnicom's ambitions to become an international player in marketing services

dent of Interpublic, and Martin Sorrell, chief executive of WPP. The centre of his strategy

has been to reduce Omnicom's reliance on US advertising.

US - with net income of US - with net income or \$46.8m (£28.7m) on revenues of \$10m last year. It is now intent on expansion into new coun-tries and other disiciplines. When Omnicom was founded three years ago - by the merger between BBDO, Doyle Dans Bennach and Needham agencies. The creation of Omnicom looked less like a brave leap into international advertising than a defensive full. The joke on Madison Ave-

the more rarefied role of general manager of New York's Metropolitan Opera house — became president of Omnicom. Crawford said at the time that he had thought the ad industry was full of prima donnas until he worked at an opera house. When he returned, the most painful part of the merger the integration of DDB and Needham into a single network was largely completed.
 Crawford faced the longer term challenge of turning Omnicon into a powerful player in global marketing services. Crawford sees Omnicom's role as that of a conventional

holding company which over-sees strategy, but delegates day-to-day decisions to the

operating companies. In this

respect he falls into the same mould as Philip Geier, presi-

When he arrived, Omnicom made less than a third of its revenue outside the US. This meant it was weak in the fast-growing markets of Europe and Asia-Pacific. It was also weak in the specialist marketing disciplines - sales promo-tion and direct marketing which were growing far faster than traditional advertising. The first priority was to strengthen Omnicom in Europe, particularly in the major markets of the UK and West Germany. The solution for DDB:Needham arrived last year in the form of Boase Massimi Pollitt, the UK agency which was searching anxiously

for a "white knight" to save it from a hostile bid by Boulet Dru Dupuy Petit of France. BMP has absorbed DDE:Needham in London and is now the centre of Omnicom's European network. BMP, which had only just completed a painful merger with Davidson Pearce, has since lost a series of large accounts. But Omnicom now has a top five agency in the important UK market and BMP is winning new business again. It won the 27m Barclaycard account in May and retained the £9m Dulny account last month. BBOO is still weak in London. A few years ago Omnicom made overtures to Still Price Court Twivy D'Souza, a young agency which has since linked up with Interpublic, another large US marketing group. It is

now concentrating on strengthening BBDO's management, under Alfredo Marcantonio, the new deputy chairman. The agencies have also been strengthened by acquisitions in West Germany, Sweden, Nor-way, Greece and Canada. The next area for expansion is east-ern Europe. BBDO already has a joint venture in Moscow and DDB:Needham is about to move into Budapest. Both intend to service East Ger-many from their West German

agencies. Crawford is determined to proceed cautiously. "In time east Europe will be an impor-tant market, but there is a difference between investment and waste," he says. "We are not at all anxious to go in there and ait around waiting for things to happen."



Bruce Crawford: used to dealing with prime donnes

is Asia-Pacific. Omnicom is already involved in Singapore, Hong Kong, Australia and Bengkok. It also has Japanese joint ventures with Asatsu for BBDO and Dai-lohi Kikaku for DDB:Needham.

Omnicom and Asatsu have a long-standing cross-sharehold-

the control of the opening as

ing arrangement. Last autumn Omnicom sold the last of its shares in the Japanese agency, but Asatsu has been increasing its holding in the US group

from 1.5 to around 3 per cant.
Omnicom is also eager to
expand outside advertising by
increasing its interests in other
areas of marketing. It has
already rationalised the 27 companies thrown together into Diversified Agency Services into 12 companies. DAS has bought Thomas A Schutz in sales promotion and Gavin Anderson in investor relations.

In the meantime Wall Street is reserving its judgment. Omnicom's shares rallied after the publication of its first quarter results, but its overall per-formance — like that of the rest of the marketing sector has been distinctly dull.

Crawford seems sanguine: "It is a question of the market waiting for us to deliver. We need to prove that we can continue to improve earnings in a very competitive climate."

TECHNOLOGY

puter resellers and telecommunications companies will not make it a international force in the long term. But building a state of the art indus-try with global "total quality" manu-facturing, innovative products and brand-label marketing will not be

achieved easily.
Companies such as Lucky-GoliStar,
Daewoo Corporation and Hyundai, however, are boosting their research and development expenditure, updating their manufacturing processes, selling their products in world markets and, where possible, doing their own branding and marketing.

Daewoo, for example, which tanks as the approach to the "Fortune 500" list and alsigns are approach to the control of the approach to the approach

asth on the "Fortune 500" list and claims an annual turnover in excess of \$215m, spends 10 per cent of the revenue carned by Daewoo Telecom (the company within the group which makes most of its computer and telecommunications products) on R&D.

According to Daewoo Telecom president Sung-Kyou Park, the need for improved R&D has been so actile in recent years that his company has spent up to 14 per cent of revenues on spent up to 14 per cent of revenues on it. And he suggests that this level of it. And he suggests that this level of commitment will have to continue if South Korea is to develop a global market presence.
"In terms of research and develop-

ment, we cannot compete with Japan. They have well-established R&D facilities which have been well-supported by Japanese companies," he explains. "But we are trying to build our research and development afforts very

South Korea's personal computer industry is at a turning point. Its traditional approach of producing unlabelled, imits.

Geof Wheelwright on South Korea's efforts to improve its computer industrial efforts to improve its computer industry

Practising for the big league

fast. It has been the most important thrust in building up my company."

Daewoo is not alone in this regard. The Korea Economic Journal reported in June that South Korean investment in R&D rose by 34.1 between 1988 and 1989. A warming of relations between Japan and South Korea has encouraged a substantial increase in the numbers of joint Japanese-South Korean R&D projects on anything from satellita design to genetic engi-

The personal computer sector is in particular need of R&D, and efforts have been made in developing semiconductor research, development and manufacturing. Companies such as Daewoo Telecom and Goldstar have their own semiconductor divisions which they rely on to give them production, quality and price advantages.

South Korean companies are also supporting principles such as copyright protection and entertaining plans to manufacture outside South Korea. The Federation of Korea Information Industries last month

announced plans to establish an organisation devoted to stamping out software piracy. It also unveiled a plan to label all legitimately-sold soft-ware applications with a special sticker, and educate businesses and the general public to make sure that the software they bought was not

South Korean companies are anx-

ious to take advantage of a united Europe in 1992. Goldstar, for example, already manufactures in the UK and Turkey and is looking at developing further European facilities. Park says Daewoo Telecom is also interested in European manufacturing. "I am thinking of establishing manufactur-ing facilities not only in the EC, but also the US or anywhere else our mar-ket share is large. The users of PCs are becoming increasingly sophisticated - the market wants product and feature diversity and we cannot fulfil all these requirements sitting in Korea. We need to fulfil these with manufacturing facilities nearby." Another opportunity lies in eastern



Europe, where the horizontal structure of highly diversified companies such as Hyundai, Daewoo, Samsung and Goldstar provides more flexibility "barter" trade than traditional western vertically integrated com-puter firms such as International Business Machines or Digital Equip-

ment Company.

The argument is that a company such as Daewoo, for example, which has interests in the shipping, automobiles, computers, televisions, textiles, chemicals and petrochemicals, telephones and switching systems, commercial and civil construction and agriculture is in a better position to trade computers for oil, lumber or other raw materials than a traditional western computer company. According to the Korea Economic Report, bilateral trade between South Korea and Hungary doubled in 1989.

Last year, South Korea exported \$38m worth of televisions, microwave ovens and other electronic consumer goods

chemical compounds, medicinal raw materials and lamps from Hungary. Bilateral trade between South Korea and the Soviet Union has risen from \$58m in 1985 to \$599m last year - with trade for 1990 expected to reach it trade for 1990 expected to reach it ibn. Large capital goods orders - such as the Soviet order for 10 oil tankers from Hyundai earlier this year - are expected to play a hig part

in this trade leap.

Not surprisingly, bridging the divide between North and South Korea is central to the economic future of the country. Many observers suggest that the two countries could outsirtp Japan as the leading econ-omy of the region if they were unified as an industrialised democracy.

to Hungary and imported industrial

from acts of man

Computers at risk

By Alan Cane

HACKERS BEWARE! The Computer Misuse Act, which prescribes stiff penalties for unlawful tampering with computer systems, received the Royal Assent last week and comes into force in September.

Not a moment too soon for
many UK companies, it seems. New research indicates that their computers are now more at risk from acts of man, whether malicious or acciden-

tal, than from acts of God - of the earthquake, fire or flood variety. And most of them, moreover, are ill-prepared to dual with the threat. The author of the report, Rebecca Morgan, argues that companies become increas-

ingly vulnerable as networked personal computers spread through the organisation: "Putting PCs on every employee's desk magnifies the risks enormously." Disgruntled employees are an obvious threat; elim-ination of the sundry debtors file is an example of malicious damage which could cause a company severe headaches. The research was carried out

by the London-based consul-tancy Butler Cox on behalf of the Amdahl Executive Institute, a research organisation established by the US mainframe computer maker. It shows that over the past seven years computer disasters have ecome more than a remote statistical possibility. Of 22 large companies in Europe and the US examined by Butler Cox, half have suffered a computer disaster in the recent

Yet only haif of large organisations have a contingency plan against computer disaster. Of those, only a quarter have any confidence in the plan. And of those who both have a plan and have tested it, three quarters found that it does not

One company found its staff vacuated from its data centre during a terrorist alert. They were cut off from the contingency plan — stored safely in the data cantra — by a wall of police. And nobody knew where the copy of the plan was

All of which would be amus-ing were it not for the fact that almost 60 per cent of companies would go out of business if their computer systems were out of operation for more than three days. Less than 10 per cent could survive a computer outage lasting one month.

The report indicates three important tasks:

• Identify the principal threats and front line defences. Prepare contingency plans and disaster procedures for activating the plans.

Test, review and update the

plans regularly. Above all, Butler Cox emphasises, senior manage-ment should not make the cardinal error of believing it can leave computer disaster planning to data processing man-

The full report is available gra-tis from the AEI, Dogmersfield Park, Hartley Wintney, Hamp-shire Tel: 0952 346346.

R&D fingers in several pies David Fishlock on how to acquire research from various sources

should be "assembling" tech-

The working party was set up last spring by the European Industrial Research Manageuropean industry is ment Association, a Paris-based club of more than 200 depending too heavily on in-house research and development. panies. KIRMA gave it the task of investigating how compa-

could be in-house E&D.

technology by studying two

different types of industry:

companies that assembled

sub-systems made elecwhere to

form a product, as the aircraft

That is the view of Sergio Barabaschi, deputy general man-ager and chief technologist of Ansaldo, the Italian engineer ing group. He is a member of a working party drawn from 44 new products and processes.

companies, including British
Telecom, ICI, Krupp, Thommadel the process of acquiring son, and Unilever.

Barabaschi argues that new products and processes are getting more complex, and need more enabling technologies to come together. He and motor car industries do; believes innovative companies and companies that manufac-

tured a total product, as the chemical and pharmaceutical

nologies drawn from various sources, just one of which companies do.
It found big differences between the two. The product companies tended to generate their technology in house. The assemblers used technology generated by sub-system con-tractors. "A lot of the technolarch-based comogy comes from suppliers who may well be two or three levels down," says John Holling-ton, technical director of the nies can best acquire and aerospace and defence systems ogy for the development of division of Smiths Industries, and chairman of the working

> Profound technical changes can take place at these levels, however. An example might be an advance in miniaturisation that leads to more sophisticated control and flight management techniques for air

craft. It raises difficult questions of precisely what core technologies the assembler should concern himself with, and what core technologies be should leave to his suppliers. Other industries where this trend applies include road vehicles, ships, domestic appliances, consumer electronics and construction. The domi-

nant principle is defined as "design and integrate." Whole product and process makers, in contrast, are often concerned with their product or process at a much finer level of structure, on the nano-metre or even molecular scale. The process and its manufacturing technology is often developed in house, but it may require manufacturing equipment with a large R&D con-tent that has been developed

Industries where this trend applies includes bulk and spe-ciality chemicals, biotechnology, glassmaking, esmiconductor components, and food processing. The principle is defined as "design and make".

The working party has identified several reasons why technology is important to

 Maintaining the competiveness of a product. Helping a company diver-

 Expanding market share. Countering legislation that is forcing a change in process or product.

· Combatting environmental worries. · Permitting recycling of

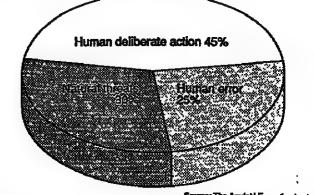
 Reducing energy consump-Accommodating a new

political perception.

Where a company acquires new technology depends on many factors, including its own traditions and culture, for example whether it has built-in resistance to ideas from elsewhere, the not-in-vented-here (NIH) factor. Options include outright

purchase of the technology or of the company which owns it: licensed access; sponsored developments through a research contract; and the ioint venture.

Cases of data centre disasters



How does a company know when it needs new technology? Declining sales or falling market share are the obvious indicators, although they may come too late. A technical audit can show whether the company is using the best available technology in manu-facture. Market intelligence including simply keeping close to the opinions of existing customers - can provide first clues of a technological threst. Source: The Amdahl Executive Institu

Weather worries | New Zealand prepares for difficult wool season **cloud Soviet** harvest hopes

A GOOD grain crop is ripening in the fields of the Soviet Union but the harvest will be hampered by weather and organisational problems, a senior Soviet agriculture official said on Wednesday, reports Reuters from Moscow. "We have to carry out one of the most difficult harvests of the last few years," said Mr Mikhail Timoshishin, first dep-uty chairman of the Commission for Food and Procurement, which is effectively the

agriculture ministry. He said in an interview in Pravda, the Communist Party daily newspaper, that a quarter of the country's combine harvesters were out of action because of a lack of spare

Weather, both good and bad, has also caused problems. Grain is normally harvested after the crops that are used to make animal fodder, but favourable weather has ripened it early. And recent rains have knocked grain flat on the

Owing to weather conditions, the grain harvest has begun when the laying in of fodder has not yet ended. Grain has been flattened. In southern regions, several crops have ripened at the same

Western diplomats said this

Soviet farmers are still reluctant to sell grain to the Government for hard currency, according to the mass-circulation newspaper Argumenty i Fakty, writes Quentin Peel in Moscow. In 1989, hard currency

EC battle looms over Mediterranean fisheries

control.

By Tim Dickson in Brussels

THE FIRST seeds of what promises to be a fierce political battle over the future of the European Community's fishing policy were sewn yesterday when Mr Manuel Marin, the EC Fish Commissioner, set out his preliminary ideas for con-

by the Brussels executive, Mr Marin called for an immediate freeze in the region's fishing effort and announced his inten tion to set up a new licencing system for Mediterranean

This long promised initiative delayed as a result of inter-nal Commission squabbles – has been prompted by the turgent need to curb overfishing in these waters and by the fact that the Mediterranean is not covered by the system of Total Allowable Catches and national quotas applicable in purchases of grain totalled

Federation statistics office. Only 5 per cent of farmers in the huge Russian Federation, took advantage of the scheme, introduced last sum-mer to boost production and cut imports. The slow take-up was blamed on the low price — only about \$85, or about half what the Soviet

appeared to mean that good weather had itself been a problem, by bringing on crops fas-ter than expected and straining manpower and equipment

A fuel shortage had also forced the Government to allocate 1m tonnes of oil to agriculture from state

serving Mediterranean stocks. Introducing a discussion paper now formally soproved by the Brussels executive. Mr

munity.

TACs and quotas are considered impractical in the south not only because fishermen tend to catch several species at a time but because fish are only 223,000 tonnes, or less than 1 per cent of Soviet grain imports, according to a senior official of the Bussian

Union pays for its imports; lack of access to foreign markets in which to spend the currency; and the red tape involved.

landed at a large number of

small Mediterranean ports, and would therefore be difficult to

the view is gaining currency in Brussels that the fundamental structure of the Common Fisheries Policy - the subject in any case of a review by 1992 -needs to be reworked. TACs and quotas, say senior EC offi-cials, have too often been open to political manipulation by member states and have signally failed to solve the twin problems of overcapacity and leclining stocks.

Yesterday's document -

which will form the basis of formal proposals for the Mediterranean later in the year -is therefore viewed with suspicion by some Governments as a "hidden agenda" for CFP reform. Many will be reluctant to give up any of the existing instruments or indeed cede the way implied by Community licences. Others, however, might be attracted by shifting the blame for the restructuring which faces the fishing indus-

try in the years ahead.

Cash 3 mor

Dai Hayward examines the problems being carried forward from the season that has just finished

DARK cloud hangs over the New Zealand new wool season which began last Sunday.

Prices fell steadily through-

out the past season, ending at around \$NZ5.15 (£1.73) a kilogram - well below the sea-son's average of \$6.25. That, in turn, was 10 per cent below the \$6.88-a-kilogram average for the previous season. But even this depressed price was higher than those achieved at the closing sale

Over the season, prices slipped from their opening level of about \$6.90 to \$8.20, then plunged during the closing months to just above \$5. This was despite the Wool Board spending \$3m buying wool at the auctions in an attempt to maintain price levels and give growers a decent As a result, the New Zealand

stockpile more than quadru-pled – from 100,000 bales to 450,000 bales. This means 55,000 tonnes of New Zealand, mainly coarse, wool is sitting in stores around the country. At the last sale of the season on June 28, the Board bought 74 per cent of the wool offered

There are three main rea-

sons for the falling market: The huge over-production in Australia and the Australian government intervention to force a 20 per cent drop in the Australian floor price. Although Australia and New Zealand produce mainly different types of wool, used for different purposes, the depressed Australian situation split over

Australian wool in fine wool used for garment manufacture. New Zealand produces mainly coarse wool which goes into carpet-making. Theoretically the two markets should be almost separate with any over-supply or lower prices in one not affecting the other. In practice, this does not happen and falling prices for Australian fine wool have dragged New Zealand prices down with

• The second depressing factor was the continued absence of China from the buying ring. Just two years ago, China was a major customer for New Zealand wool, buying 63,000 tonnes. This fell to 15,000 tonnes last season and in the first 10 months of the season just ended it ordered only

• The third depressant was the Soviet Union's economic and foreign exchange problem.
When wool payments were
delayed, New Zealand exporters stopped shipment of
remaining orders. This caused
a cash-flow problem for many

New Zealand exporters who curtailed their buying.

Although prices will certainly be depressed at the early-season sales, the Wool Board is optimistic that demand and

prices will improve over the

Its market analysts are confident that China has passed through the worst of its economic problems. They expect a gradual increase in Chinese orders although the increase will not be spectacular because the Chinese economy is still on

a tight rein.

The Board points out that the amount of wool added to the stockpile during the past season was almost exactly equivalent to the reduction in the amount purchased by the

ayment from Moscow resumed to June. For 30 years, the Soviet Union has been New Zealand's most consistent buyer and its officials have stressed that they wish to continue trading with New Zealand at the same high

The level of Soviet buying in coming months will depend on the availability of foreign exchange but, again, there is optimism that orders will be regular.
The Soviets were acutely

embarrassed at their payment problems and some credit, either through the New Zealand government or banks, may be necessary to maintain Soviet wool-buying at its for-Iran is expected to be a big-ger buyer this year. In the ten months to April, it took only 4,276 tonnes but there are now

signs of increased demand from Iranian buyers.
In the UK, New Zealand wool faces increased competition from European wools, where production is stimulated by EC

Most New Zealand wool shipped to the UK goes into carpet-making and the domestic economic situation has declined during the past sea-son and it is one of the few

eral election to decide whether it should relax its policy that

uranium mining should be restricted to three named

mines, excluding Jabiluka. Pancontinental hopes the

increase in demand for uranium, coupled with evidence

that oversees customers would like to see more diversity of supply, will persuade the com-mittee to recommend that the

three-mine policy should be ditched at the next Labor con-

But few outside the company

slieve that the Governme

will bow to pressure from either the mining companies or the aborigines on an issue regarded by Labor's environ-mental and anti-nuclear activ-

"Getting the three mine pol-

icy relaxed is very important to Pancontinental, but the Gov-

ernment is going to be very careful about offending the

Green vote with something as emotive as uranium, especially.

shows it was green votes that won the election for Labor," says Mr David Rubin, mining

analysts for Barclays de Zoete Wedd.

the politicians to make up

their minds, hoping that word will come before tribal life dis-

people all gone. Government don't care," he says.

Meanwhile Big Bill wetts for

since the post-election analys

ists as an article of faith.

ference in 1991.

major markets where future buying prospects are likely to decline even further. Some substantial orders are

expected from Japan quite early in the season. It is believed Japanese manufacturbeinever Japanese manuacturers were almost out of stock as they held back hoping for a drop in the Australian price. They will need to rebuild stocks and will require New Zealand wool for some of this. The Wool Board has substan-tial financial reserves and credit. In the past it has maintained its buying and support policies in the face of strong advance pressures. It has make it clear it intends to continue doing so in the new season although it will have to let prices slide below last season's level. Wool growers have already been warned to budget for lower incomes. Just how

rating is RTZ much lower — and for how long - depends largely on fac-tors outside New Zealand's

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Aborigines pin their hopes on uranium

Kevin Brown on a mine project that could save the Gagdju people of Alligator River

HREE HOURS' drive south-east of Darwin, deep in the sparsely-populated scrub of Australia's Northern Territory, Big Bill Neidlie is hoping for a miracle. In the 1920s, when Bill was born in Alawanydajawany, on the East Alligator River, many of the local Gagadju people or the local Gagadju people still lived a semi-nomadic, hunter-gatherer existence not unlike the life of their ances-tors of 40,000 years ago. Seventy years later, Bill is one of Australia's best known.

aborigines, author (with white co-writers) of two books of aboriginal philosophy and a leader of the remaining aborig-ines of the Alligator River area. But his fame has not has not made him rich, or even comfortable. Like many of his people, he lives in a ramshackle but down a dirt road that is a dust bowl in the dry season and a swamp in the wet. He shares his camp with a pack of flea-bitten dogs, a fat black pig who may be saved from the pot by his friendly disposition and a satellite tele-vision dish which does not work. The 250,000 tourists who visited Bill's country last year know it as part of the Kakadu national park, heavily pro-moted in Australia and abroad as one of the remaining natu-ral wonders of the world. Millions more know it as the site of the Australian scenes in the Crocodile Dundee films, and his aboriginal friends ran rings around a slow-witted bunch of American gangsters. The park is part of the 45 per cent of the Northern Territory which is now owned by the



aboriginal population, although it is run by the fed-eral parks and wildlife service. But few Gagadju people live the traditional life any more. For one thing, there is little left to hunt. Wallaby are still plentiful, as are goanna. But kangaroo are rarely seen and many of the big fish have been driven off by the South Ameri-can salvinia weed that clogs many waterways — a legacy of someone's fish tank emptied into the river. Most of the water buffalo have been slaughtered to prevent the spread of disease into cattle. Big Bill says he fears his people are dying out. But he sees a last hope in an unlikely quarter - an A\$80hn uranium deposit at Jabiluka, on land owned by the Gagadju but leased to Sydney-based Pancon-

44,630 lois

Environmental safeguards are promised to protect watercourses tinental Mining. Isolated as he is, Bill knows it will take a miracle to overcome the strict government restrictions on uranium mining which have thwarted development of Jabiluke since its discovery in 1971. But he thinks royalties from the mine would transform the living standards of local peopla, providing decent homes and vehicles, and halping to break the cycle of despair which he believes is destroying them. He has the support of both the Northern Land Comcil, the federal organisation which is responsible for aborig-Northern Territory Government, which sees mining as a key way of reversing Austra-lia's relative economic decline. "This country is in a nose dive on full throttle, " says Mr

Barry Coulter, the territory's deputy chief minister. "They say we are in for a soft landing they used to tell that to the Kamikaze pilots.

More than 2,000 miles to the south, in his office overlooking Sydney Opera House, Mr Tony Grey, chairman and chief executive of Pancontinental, is also hoping for a miracle. Jabiluka contains 450m lb of proven uranium reserves, making it worth just under US\$4.5bn at the present uranium spot price of less than US\$10 a lb. But Pancontinental believes the market is turning as world stockpiles are drawn down, and forecasts a spot price of up to US\$25 a lb by the turn of the Century. At that price the mine would be worth more

The company's plan is to buy out a 35 per cent stake in Jabiluka held by Texaco, and then sell all or part of the stake to long term customers who would provide some of the A\$300m needed to develop the mine. "This is a resource of enormous economic significance, not only to us but to the country as a whole. It would produce very large amounts of uranium and hundreds of millions of dollars of export reve-nue well into the next cen-

than US\$10bn.

tury," says Mr Grey.

He promises extensive environmental safeguards to proteet the Kakadu watercourses from radiation pollution, and points out that 4. 5 per cent of sales revenue would go to aboriginals, either directly or through the federal govern-ment. He also says the mine would transform Pancontinental's business prospects, proba-

forecast for three metals By David Blackwell bly at least doubling last year's net profit of A\$25m. All of this is well known to

WESTERN CONSUMPTION of copper, aluminium and lead is expected to reach record levels the governing Australian Labor Party, which set up a committee before the last fedthis year, W.I. Carr, the Lon-don broker, predicts in its half-yearly review of the base. metale markets.

Record demand

At the same time supply pipelines for most base metal remain severely stretched, and production problems should now be considered endemic to the industry. World stock levels of refined metal are already critically low and "close to the minimum requirements to guarantee regular deliveries."

Carr puts copper consumption at 8.74m tonnes this year, compared with total supplies (including imports from the Communist world) of 5.775m tounes. It predicts an average price for copper this year of 110 cents a lb, compared with last year's average of 139.2. Recent production difficul-ties in Estre and Causan have highlighted the extremely

finely balanced position of the copper market, the report says. Aluminium consumption this year is expected to be 14.72m tonnes, compared with total supplies of 14.88m tonnes. However, the broker is revising downwards its average price prediction for 1990 to 76 cents a lb from a previous estimate of 82 cents a lb because of the "disappointing" first half, with weak consumption in the US, and "the spectre of ed Brazilian exports. will come before tribal life dis-integrates completely. "Fish him all gone, buffalo him all gone. If no mine, aboriginal. 26 cents a lb. Consumption is

effectly NAV art. A to the the year of NAV are uninged at LAM here are now by I Berrette berret continues of lower work THE STATE OF THE STATE OF ting of this year a rights at lite are shares and advances and Bank nasily support 異数 変にでき はことい T**ipping series on a**

put at 4.36m tonnes and total

MARKET REPORT

London robusta coffee prices rose again yesterday as the ICO nent to hold talks on the future of the international agreement later this month continued to bolster sentiment offsetting the influence of firmer sterling. On the buillon market gold added a further \$1 per troy ounce - dealers said there were signs of renewed confidence following the recent rally from last month's four-year low, but overhead resistance at \$363 and then \$365 should restrict the potential for further short-term for independence Day. Compiled from Reulina

London Markets

PORTOCIA MICH	4650	
SPOT MARKETS		
Crude oil (per barrel FOS)		+ or -
Dubel Brent Uland W.T.L (1 per est)	\$13.80-8.70w \$15.95-6.00w \$16.82-6.64w	-0.05
Oil products (NAVE prompt dalilyary per t	onne CIF)	+ or -
Premium Casoline Leg Oil Heavy Fuel Oil Naphtha Petroleum Argus Estimates	\$281-238 \$144-145 \$155-146	-1 +0.8
Other		+ or -
Gold (per troy cz) Silver (per troy cz) Piatinum (per troy cz) Paliadium (per troy cz)	\$362.5 494c \$489.50 \$117.5	+1.0 -3 +2.5 +1.6
Aluminium (tree mertet) Copper (US Producer) Lead (US Producer) Nickel (tree merket) Tin (Kuala Lumpur merket) Tin (New York) Zinc (US Prime Western)	\$1525 1190 490 4000 16.05r 252c 87.5c	-0.01
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	105.9 6 p 162.79p 98.95p	+2.47° +14.6° -3.12°
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price	\$325.3t \$411.0t £285	+0.2 -1.0 -1.5
Barley (English feed) Malze (US No. 3 yellow) Wheel (UB Dank Northern)	ହାର9 ହୀନ7.5 ହୀଲୀ	
Rubber (Aug)♥ Rubber (Sep)♥ Rubber (KL RSS No 1 Jul)	53.25p 53.75p 233.0m	-0.25 -0.25
Coconut oil (Philippines) Palm Oil (Malaysian) Copra (Philippines) Soyabears (US) Cotton "A" Index Wooltops (64s Super)	\$320z \$290 \$215 \$162t \$2.50c 480p	-1 +0.50
E a tonne unless otherwise	stated. p-pe	nce/kg.
c-centarib. r-ringgit/kg, q-J	ul, t-Jul/Aug.	u-Oct/
Dec v-Jun/Jul. w-Aug z-Au	g/Sep y-Sep.	. fMeet

rom a week ago. WLondon physical market.

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per t	onne)				Total	daily terrover to
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Speci	al High Grad	e (\$ per tonne)		Total	duly surposer in
eritine.	1658-65 1616-20	1690-3 1620-1	1662/1655 ¹ 1623/1609	1655-60 1813-4	1815-20	19,018 lots
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ng 2/4 66		months: 1.7587	6 m	onthis: 1.72	94	9 months	
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58.0	358.0	359.5 357.5	~ 44	4 102.55	COLUMN TO SERVICE	,y	٦

COFFEE - London POX

turnover: 3483 (4949) lots of 5 tonnes ICO Indicator prices (US cents per pound July 3: Comp. daily 66.16 (67.01). 15 day ave IE-48 (ILDE)

108.5

Close Previous High/Low

117.50 117.50 120.00 120.00 120.00 Turnover 10 (13) lots of 20 tonnes.

78.0 76.0 101.8

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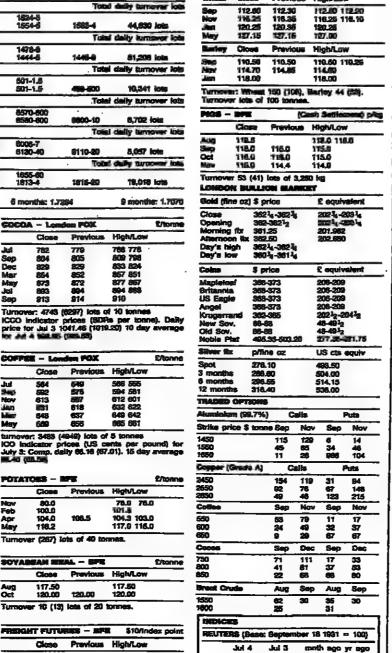
3	E OIL - I		\$/barrel	
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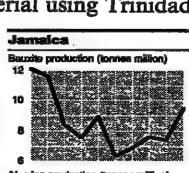


Jul 3 Jul 2 mnth ago yr ago

Wheat Glose Previous High/Low

e ushirra	l		· · · · · · · · · · · · · · · · · · ·
112.00 112.20 116.25 116.16 120.26 127.00	aluminiu	n smelting	industry
High/Low			5 111000501
170.50 110.25 114.60 118.00	Canute James on a Jamaican raw mate	joint venture plan erial using Trinidadi	to process
Barloy 44 (55).		and and	an natural gas
Cash Settlement piling High/Low	OLLOWING THE start of a significant expansion of its	Jamaica	the companies before the additional capacity was installed.
118.0 118.0 115.0 115.0	Jamaica, the world's third largest producer of the ore, is seeking a	Bauxite production (tormes million) 12	"One is to determine the amount, location and quality of bauxite reserves that will be required to
114.0 250 kg	foothold in the aluminium smelting industry. Mr Hugh Small, the island's Mining Minister, said	10	support the plant for a resonable number of years," the Minister said.
£ equivalent	Jamaica and Trinidad and Tobago were proposing the construction of		"Another, to which we attach great importance, is to ensure that the
202 k - 203 k 201 k - 200 k 201 - 962 202 - 680	a smelter in Trinidad. The plant, he said, could be fired by Trinidadian natural gas and fed by Jamaican		expansion is undertaken with due regard to the environment." But the industry believes the fea-
	alumina (aluminium oxide). The project was a revision of an	Alumina production (tennes million)	sibility of expanding of the plant, expected to cost about \$90m, will
£ equivalent .	effort of 15 years ago which was not	2.6	depend also on improving energy
208-209 205-209 205-209 208-208 202-2-284-1 ₂ 48-49-1 ₂ 48-49-1 ₂ 277-25-481.75	implemented. Mr Small said. "It is now thought by the two countries that the conditions are more advan- tageous for the success of this joint venture," the Minister said. Government officials say a plant with a capacity of 200,000 tonnes a	1.8	efficiency. "Some work will have to be done on this because today's oil prices and alumina prices, which have contributed to the refinery's viability, are unlikely to continue indefinitely," said one industry ana- lyst.
US cts equiv 498.50 504.00 514.15 536.00	year and costing about \$1bn is being contemplated. Mr Carlton Davis, executive chairman of the Jamaica Bauxite Institute, said the viability of the proposed smelter	1.4 1980 82 84 86 88 Source Jameica Beachs Indicate vided by the two hard-pressed	The Jamaican Government and Alcan are expected to have decided by November whether they will construct a greenfield refinery in northern Jamaica. The project is
s Puta	was aided by the fact that it is	Caribbean countries.	now being studied and, if approved:
Nov Sep Nov	based on the exploitation of natural resources in the two countries.	Mr Davis said the company selected as a partner would be	will have a capacity of 1m tonnes a year and cost about \$1hn.
129 6 14 85 34 46 26 986 104	"Trinidad and Tobago has abundant reserves of natural gas, so that will deal with the problem of the	expected to provide some funding, but that several other sources would be studied. Two of the more	Mr Small said the Government was also studying proposals for the
s Puts	availability of energy," Mr Davis	promising are the Japanese over-	reopening of bauxite mines which were closed five years ago by a sub-
119 31 84 76 67 148	explained. "The alumina to feed the plant is easily available from	seas development agency, and a facility created by the Government	sidiary of Reynolds Metals. "Since bauxite is plant specific, we have to
18 123 215 .	Jamaica which is close to Trinidad.	of Puerto Rico to finance industrial	examine each proposal to ensure
Nov Sep Nov 79 11 17	The basic infrastructure in already in place in the sites in Trinidad	and commercial developments in some Caribbean countries. Both	that, before a determination can be made, the bauxite can be processed
79 11 17 89 32 37 29 67 67	Which are being considered as a location for the smelter. In addition	Jamaica and Trinidad and Tobago qualify for access to the Puerto	somewhere and in sufficient vol-
Dec Sep Dec	to this, Trinidad is close to the	Rican facility.	umes to justify the expenditure," the Minister said. The rehabilitation
111 17 33	major market in the United States." Trinidad and Tobago has proven	If the smelter is constructed, there will be little problem in find-	and reopening of the mines will cost
88 66 80	reserves of natural gas of 17 trillion	ing the alumina it will need. Work	There were indications last year.
Sep Aug Sep 30 35 30	(million million) cubic feet which, at current usage, can last another	has started in Jamaica to expand a refinery owned jointly by the Gov-	that the Virgin Islands Alumina Company, a raffnery owned by a
31 30 31 31 31 31 31 31 31 31 31 31 31 31 31	60 years. Although the project is being ini-	ernment and the Aluminum Com- pany of America, from its current	subsidiary of Marc Rich, the com- modity trader, was interested in
er 18 1931 = 100)	tlated by the two governments, they want to be minority partners and	rated capacity of 800,000 to 1m tonnes a year.	using ore from the mines. Local offi-
mnth ago yr ago 1889,4 1995.5	intend to seek the participation and support of one or more of the alu-	Kaiser and Hydro Aluminum, which own the largest refinery on	cials said the refinery was now being fed by ore from other sources. Jamaica's bauxite output last year

ough the project is being iniby the two governments, they to be minority partners and I to seek the participation and art of one or more of the aluminium majors from North Amer-ica, Europe or the Far East, offering them majority interest. The project will depend on the availability of financing, which could not be pro-



Jamaica seeks foothold in

the island, are planning to increase its output from the current level of 1m to 1.5m tonnes a year. Mr Small said, however, that there were some issues that had to be agreed with

There were indications last year that the Virgin Islands Alumina Company, a refinery owned by a subsidiary of Marc Rich, the commodify trader, was interested in using ore from the mines. Local offi-cials said the refinery was now being fed by ore from other sources. Jamaica's bauxite output last year was 9.4m tonnes, with alumina production of 2.14m tonnes. Mr Davis said he expected one production this year to reach 11m tonnes, with reflnery output at 2.7m tonnes.

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LONDON STOCK EXCHANGE

Share prices hit by worry over profits

Marie Transce State of the Control o THE WORSENING outlook for some UK corporate profits, emphasised for exporting com-panies by a further gain in starling, and also a downgrading of brokerage forecasts for L yet more companies on the FT-SE list brought widespread falls in UK equities yesterday. Turnover was moderate but the losses were suffered mostly in the big-name stocks, which lacked support from a Wall ing securities houses has Street market closed for Independence Day.

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fall as a somewhat rattled marfall as a somewhat rattled mar-het was faced with a batch of German mark since the beginfairly small rights issues. The ning of the year. recent spate of downgradings

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of profits forecasts from leadcaught up with a stockmarket also beginning to measure the Equities opened lower and implications for Britain's the Footsie Index extended its exporters of a rise of around 10 implications for Britain's

stocks regarded as vulnerable to currency factors, with RMC and GKN notably weak. A further blow came when the market responded to downgradings by the brokerage community of profit forecasts for RTZ and also P&O.

These downgrades under-line that the re-rating of the profits outlook is now spreading to the big, mainline companies." commented Mr Jack Jones at UBS Phillips & Drew. The equity market was not helped by an early fall in the Footsie September contract to its estimated fair value level. which predicts a merely rouing of the year.

tine rise in the underlying index, in line with expected

quoted on London's Unlisted

Ultramar moved further about after a recommendation

ment houses, which focused on

increasing refining margins on

turnover remained very poor

market by launching a rights issue to raise 214.6m. The

issue, one for five at 150p, will

be used to reduce borrowings, said Hogg, Composite insurers, and per-

ticularly Royal Insurance, remained in the limelight.

Boosted substantially on Tues-

day by the rights issue news concerning Aachener und Munchener, Royal's 20 per cent

owned associate, Royal

Some specialists remained

Securities Market.

dividend payments. However, the futures contract rallied later in the day.

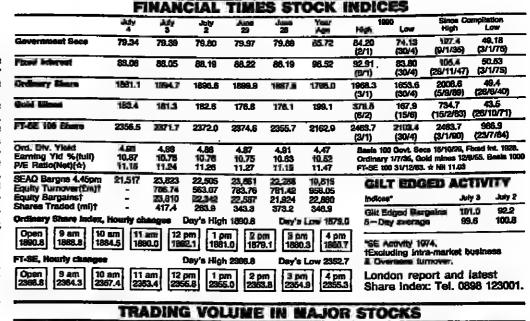
At its lowest point, at mid-morning, the FT-SE Index was 19 points down at 2,352.7, and many strategists were relieved. at least temporarily, to see the market rally at this point. Mr Robin Aspinall of Hoare Govett warned clients to "watch out for that breach of Footsie 2,350. Then watch 2,300." He believes that funds entering the UK are merely building up a large pool of liquidity in the money mar-ket: "That is dangerous."

Despite the gloom, turnover was not unduly threatening. Seaq volume of 353m shares showed a significant fall from

Tuesday's total of 449.9m. The absence of Wall Street clearly left the international blue chips lacking major players.

There were some notable exceptions to the general trend. Bank stocks, which were among the first to suffer from downgradings from the brokers, held steadler than the rest of the market. Midland moved ahead on renewed hints in the market that the expected merger with Hongkong and Shanghai Banking Corporation will be in place by the end of this year.

Some other banking stocks also managed to edge ahead although buying support was very modest.



the Walter **Analysts** MR - Grand The Market State of the State of re-rating hits RTZ Record demag

A algnificant downgrading of brokerage profit forecasts for RTZ yesterday followed the round of meetings between the board and City analysts to ess the outcome of the first half of the year.

A downgrading by USS Phillips & Drew was inspired by a "very gloomy" in-depth meeting with the board on Tuesday, said Mr Jack Jones, P&D's analyst in the stock of the mining and industrial group. The RTZ directors are increasingly disturbed by the likely impact of currency fac-tors as well as by harder times in several key sectors.
Following the meeting, Mr Jones, who has been bearish

on RTZ for some time, once again sharply reduced his profit forecast for this year from £580m to only £545m predicting a fall of 7.6 per cent

on the previous year.

Also downrating the stock yesterday was BZW's Mr Alan Richards, now looking for \$550m. However, he expects RTZ's dividend growth to continue, supported by strong organic growth. He regards any further fall in the share any further last in the snars price as a buying opportunity, a view also held by Mr Chris Steel of County NatWest who is holding this year's RTZ fore-cast unchanged at \$555m.

The shares came back by 22 to 542p as investors factored in the implications of lower prof-its for RTZ's share sernings in the wake of this year's rights issue of 114m new shares.

Midland advances.

Midland salvances.

Interes on the cruise and container shipping was rising. She said the combination would hart cash flow and increase increase increase that the long-mooted merger between Midland and its 14.9 per cent.

There was a further setback in Hawker Siddeley, down 31 at 621p for a loss of nearly 7 per cent over the past two days. before the end of the year. Mid-land and Hongkong Banking have been quietly combining various parts of their busi-nesses in recent months. At the close Midland were 6 higher at 295p, after 296p; turnover came out at a pretty mis-erable 579,000 shares.

Mr Mike Fesemeyer, banks analyst at the Daiwa Institute of Research, said there may be the potential for 25 per cent upside in Midland shares over the port few months because of its attractions to a number of predators.

of predators.
He considered that the Bank
of England would favour a
strong parent for Midland and
that Midland offers a compre-

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The stores sector steadied after several grim days. Much of the decline came as emphoria over the sterling's likely entry into the ERM diminished. With this week's proposed acquistion of US jeweller Kays, by Ratners, the list of analysts' favourites has dwindled to just two: Marks and Spencer and Body Shop. Even the latter suffered a reverse this week after revealing a poor take-up to its rights issue. The shares recovered yesterday, however, to a level above that before the rights news came out.

bensive and potentially very profitable UK domestic banking operation. The Daiwa analyst came up with a take-out price of 400p on a net asset value basis and on potential

P & O hurt

An early seller of P&O had already taken several pence off the shares when James Capel cut its profits forecast for the the west coast of America and the west coast of America and the good news from the Mor-cambe Bay gas prospect, was countered by a bearish view taken by snother. The shares settled a net 4 up at 345p but company. The shares weak-ened quickly, showing a decline of 26 at one point, and closed at 628p, a net fall of 21.
Trading was brisk: 3.8m shares changing hands by the close.

Ms Yasmin Harrison of James Capel left this year's

profit forecast unchanged but cut next year's from £425m to £404m. She said that the main problem in 1981 was that the rate of property sales was falling and that capital expandi-ture on the cruise and con-

ing desks.

Monument Oil & Gas, a firm
market in recent weeks following a handful of brokers' buy recommendations, fell away to close 3% lower at 42%p after news that the oil company is merging its oil and gas inter-

announced yesterday it is pulling out of the Massachusetts personal automobile insurance market, in which it had lost on average some \$10m a year. Royal said it had a 1.8 per cent market share in Massachusetts. "An improvement in current market condition is unlikely to occur in the near future," Royal said. Shares fell to 488p before steadying and ending the session a fraction

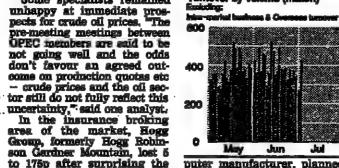
up at 495p.
Sun Alliance gave up 5 to 337p with 1.7m shares changing hands. A downgrading of Guardian Royal by one of the top US investment banks left the shares 4 lower at 233p. Worries over what a streng-

thening sterling might do to the value of overseas earnings hit international stocks. Reckitt and Colman shed 29 to 1,265p; Unilever fell 18 to 697p; Glazo eased 12 to 815p; and ICI gave up 7 to 1,145p. STC, the electronics group,

attracted keen interest and closed at 263p after a report that Fujitsu, the Japanese com-FT-A All-Share Index



Equity Shares Traded



puter manufacturer, planned to raise Y100bn in the Tokyo days. Fujitsu has long been regarded as a potential joint venture pertner for ICL, STC's computer subsidiary.

Greene King, the East
Anglian brewer of IPA and

Abbot Ale, lost 10 to 370p after revealing final figures at the low end of the range of ana-lysts' expectations. Greene King's profits were 4.9 per cent higher at £20.1m. In March, Elders IXL, the Australian brewer, sold its 13 per cent stake in the company.

Allied Lyons fell 6 to 498p shead of the company's annual meeting today.

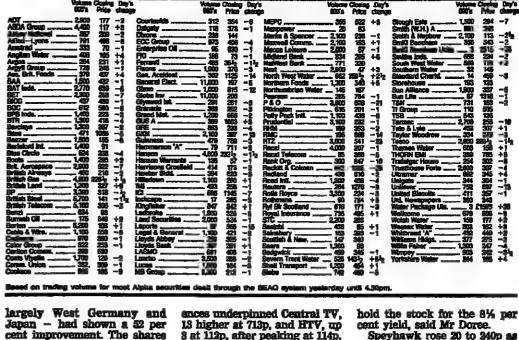
meeting today. A.B. Foods continued to advance strongly as dealers speculated about the possibil-

Ber isford International's sugar interests. A bid by A.B. Foods would have a stronger chance than Tate & Lyle of clearing any regulatory hurdles, analysts said. A.B. Foods would also be expected to drive a hard bargain, and any acquisition should enhance earnings.
A.B. Foods closed 4 higher at 407p having traded 379,000 where with meome funds cald to be buyers of stock. Berisford traded nervously

before its interim results today. The market will be looking carefully at the scale of provisions against its US property interests. According to recent press reports the provisions could be as much as £165m. Berisford was unchanged at 91p. Tate & Lyle was a penny firmer at 307p, with sentiment still positive after it withdrew from a possible bid for Beristord.

Asda was heavily traded and it closed 3 higher at 117p on a turnover of 44m shares. Volume was boosted by a 1m block of shares said to have been purchased at 116p. Budgens added 2 at 62p as the compa-nies' commitment to maintain its final dividend made its yield attractive to investors. Shoprite eased 3 to 159p after it warned profits would not rise to the second half.

Vickers held firm against the market's wider weakness as County NatWest WoodMac issued a bullish comment on the stock. Mr Pete Deighton at County edged his profit fore-cast for the year £2m higher to 195m, citing good sales from its Rolls-Royce luxury car operation. Even the depressed UK and US market were 19 per cent up on a year ago, he said, and the rest of the world —



stock was on a 10 per cent pre-

mium to the market and inves-tors should take profits.

The Foseco downgrading

was sharper: from 246%m to 241m for the year. Efforts by Brazil to curb inflation meant the company would make no money there — normally the

country contributes 10 per cent

of Foseco's profits. The shares

had fallen in recent weeks, however, and investors should

closed unchanged at 234p and Mr Deighton recommended buying the stock on a six countly time scale. Sastchi and Sastchi managed a penny rise to 85p against the trend. It announced

the sale of Gartner Group, one of its US management consultancies, to Information Partners, a US investment fund, for \$70m (£39m). The sale had been expected but traders said the company seemed to be gaining

Cup was behind strong performances from television contractors and games-maker J Waddington. The prospect of guaranteed eight figures audi-

13 higher at 713p, and HTV, up 3 at 112p, after peaking at 114p, Mr John Doree at Hoare Govcent yield, said Mr Doree. Speyhawk rose 20 to 240p as speculation revived that Nordett cut profit forecasts for both group which holds 5 per cent, was about to make a full bid Laporte and Foseco. The former would make £122m rather than £125m, he said, as a result for the UK property company. of a firm sterling and weak chemical and construction market in the UK and US. The

Water shares staged a strong run towards the close of the session, boosted by buyers seeking to strip out the dividends; the ten water stocks go ex the dividends on July 16. The Package advanced 40 to 21,598, while Anglian and Yorkshire ware the best of the individual stocks, closing up 4% apiece at 165%p and 166%p respectively. ■ Other Market statistics.

including the FT-Actuaries share index, Page 21

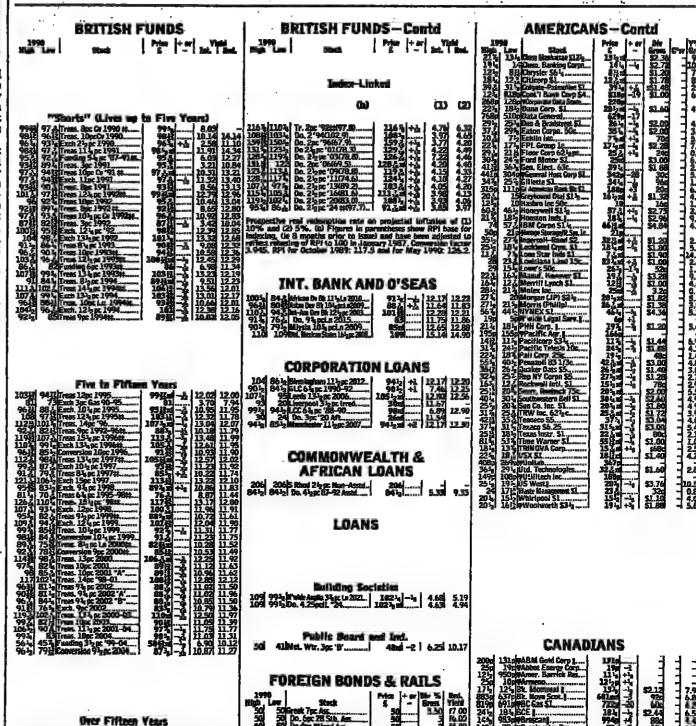
NEW HIGHS AND LOWS FOR 1990

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LONDON SHARE SERVICE



APPOINTMENTS

INTERNATIONAL, London, presidents Mr Mike Anderson, European mergers and acquisitions, and Mr Greg Egen, direct equity investments in Europe. Mr Egen was with Continental

KIDDER, PEABODY

appointed Mr Nicholas H.D. Ryder to the board, with activities. He has been with the company since January TRADE INDEMNITY

GROUP has appointed Mr

Jason Frangoulis as a

non-executive director. He is a director of General Accident Fire and Life Assurance ■ S. DANIELS has appointed Mr Geoffrey Alan Kluman to its board.He was managing director of his family company,

Kluman & Balter, which was

acquired by S. Daniels in 1988.

Mr Anthony Cross has been appointed company secretary of BRENT WALKER BREWERIES and its embeddiary companies. He was company secretary with British Mining conmittuits.

 PRESSAC HOLDINGS, Nottingham, has appointed Mr Alfred Vaisey as finance director from August 1. He is finance director of Lloyds

Midland Montagu moves

Mr Sencar Toker (left) moves to managing director, Europe, at MIDLAND MONTAGU, international and investment banking arm of Midland Group. He was managing director, international and investment of Midland Group. He was managing director, international arm of Midland Group. He was managing director, international banking. Mr Stewart Gager (centre), managing director, risk management, becomes managing director, developing countries and US. Mr Charles Bryant (right), managing director, planning and support, is made managing director, international banking services. Mr David Thornham has been appointed head of corporate banking and a managing director of Midland Montagu. He is rate banking and a managing director of Midiand Montagil. He is succeeded as group risk management and audit director by Mr David McLachlan. Mr Rodney Bass, head of group risk management, takes over from Mr McLachlan as director, credit and risk. Mr Ernest Cole has been appointed managing director of Samuel Montagu & Co, part of Midland Montagu, and Mr Charles Hanbury-Williams and Mr Trever Botham become executive directors. Mr Mark Princer heaveness a director of Midland Montaging. Mr Mark Ramsey becomes a director of Midland Montagu.

INSURERS has appointed Mr Michael Pickard as chairman of the life insurance council, and Mr Brian Richardson as deputy chairman. Mr Pickard also becomes a deputy chairman of the ABL He is chairman, Royal London Mutual Insurance Society, and Mr Richardson is director and

ASSOCIATION OF BRITISH

general manager, Provident Mutual Life Assurance

■ THE SCOTTICH MUTUAL ASSURANCE SOCIETY has promoted Mr Ian Gilmour, a pensions manager, to assistant general manager, client services division. Mr Tom Edmond has been appointed

European development manager, marketing and sales division. He joins from Murray Mr Lake Borwick has been.

appointed president and managing director of R.R. DONNELLEY (U.K.), London, & subsidiary of R.R. Donnelley & Sons Co, Chicago. He was managing director, security print division, Thomas De La Bue and Co.

 BROWN SHIPLEY ASSET
 MANAGEMENT has appointed
 Mr John Hawker, Mr John Cornes and Mr Patrick Everaked as directors

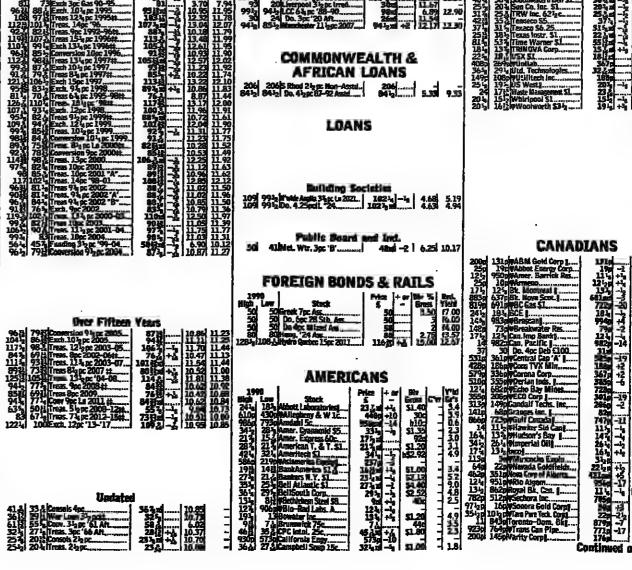
Mr Peter Bifur will become president of TEXACO EUROPE when Mr Paul Hicks retires on November 1. Mr Bijur continues as chairman of London-based Texaco Ltd. JOHNSON & FIRTH

BROWN has appointed Mr David Hall and Mr George Hardie as joint group managing directors. CAIRD ENVIRONMENTAL

has appointed Mr David Wilcox as human resources director. He was director of personnel, Rediand Boof Tiles.

 TARMAC CONSTRUCTION has appointed Mr Stuart Doughty as executive director of the international division. He continues as the company's board member on the Channel Tunnel builders' consortium

More appointments page 12.



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LONDON SHARE SERVICE

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9.4

EURO-CURRENCY INTEREST RATES

POUND SPOT- FORWARD AGAINST THE POUND

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EMS EUROPRAN CURRENCY UNIT RATES

CONTRACT OF

July 4

Sterling firm as dollar falls

against 164,000 in May. At the London close the dollar had failen to DM1.6470 from

DMI.6510; to SFrI.3910 from SFrI.3930; to FFr5.5225 from FFr5.5425; and to Y149.80 from

Y151.15. According to the Bank of England the dollar's index

of England the dollar's innex declined to 65.9 from 66.4.

Earlier in Tokyo the dollar fell below Y150 for the first time since May 29. Dealers said that if the US currency establishes a trading level below Y150 it is likely to improve sentiment surrounding the yen, and could also represent a sig-

and could also represent a sig-nificant downward turning point for the dollar.

In common with sterling other high yielding currencies were firm. The Australian dol-

lar finished stronger against its US counterpart in Sydney,

STERLING CONTINUED to benefit from speculation about early British membership of the European Monetary System exchange rate mechanism.

at 5.3 per cent in June, but growth in job creation is likely to remain weak, according to analysts, with non-farm paytem exchange rate mechanism. High yielding currencies, such as the pound, were generally in favour during a quiet day, when market volume was restricted by the closure of the US for Independence Day. Deal-ers in London and Frankfurt took advantage of a very quiet session by winding down trad-ing early, to watch the World Cup football match between England and West Germany.

The pound rose to DM2.9400 from DM2.9375. It also gained 55 points to \$1.7850 against a generally weak dollar and rose to SFr2.4825 from SFr2.4800, but eased to FF19.8575 from FFF9.8625 and to Y267.50 from Y269.00. On Bank of England figures sterling's index rose 0.4

to 92.7. The dollar remained demessed by speculation about an easing of the Federal Reserve's monetary stance. The comment by US President George Bush that "bringing down interest rates worldwide is always a goal" tended to weigh on the currency. Today's figures on US employment trends are regarded as an important guide to the state of the US economy. Unemployment is expected to be steady

2 IN NEW YORK

July 1	<u>'</u>	Cles			Class	_
£Spot 1 month 3 months 12 month		1.7760-1 101-1 281-2 9.30-9	.00pm .78acs	1	165-1.7779 .01-1.00pm .80-2.78pm .30-9.20mm	
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			July 1	4	Previous	-
8.30 9.00 10.00 11.00 Hom 1.00 2.00			NASABAN		923 923 924 924	

CURRENCY RATES

July 4	Mir	Special* Drawing Rights	Esropeno i Carrency Unit
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July 4 Bank of England Connective Indianal Changes No. Starting 92.7 -19.7 U.S Doller	RRENCY	MOV	SHEHLS
	July 4	Bank of England Index	Morgan ^{as} Guaranty Chinges No
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morgan titlaranty changes: average 1980-1982 = 100. Bank of England Index (Blace Average 1985 = 1007**Notes are furlable 3.

OTHE	R CURRE	RCIES
July 4	ŝ	\$
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Brazil	111 235 - 112 370 6.8740 - 6.8960	62,300 - 62,900 3,8540 - 3,8570
Greece	286.15 - 290.65 13.8830 - 13.9060	160.00 - 162.60 7.7825 - 7.7845
frag	121.40	69.20°
Kowalt	1362.70 - 1263.05 0.51830 - 0.51990	713.10-718.70 0.29120-0.29190
Idalaysia	60.40 - 60.50 4.8220 - 4.8340	33.80 - 33.90 2.7025 - 2.7045
Mexico N. Zealand		2859.00 - 2863.00 1.6890 - 1,6910
Saudi Ar Singapore	6.6745 - 6.6800 3.2610 - 3.2700	3.7495 - 3.7505 1.8200 - 1.8205
S. Af (Cm) S. Af (Fn)	4.7125 - 4.7240 7.1135 - 7.2580	2.6400 - 2.6415 3.9840 - 4.0650
Taiwan U.A.E.	47.95 - 48.65 6.5355 - 6.5425	27.10-27.20 3 6720 - 3,6730
	40.00	

MONEY MARKETS

INTEREST RATES remained steady in London yesterday. Dealers do not expect an early

cut in UK bank base rates

Rates hold steady £496m bills, via £115m bank bills in band 1 at 14% per cent and £381m bank bills in band 2

Bundeshank drained a net DM8.5bn at this week's securities repurchase agreement tender. The cantral bank accepted bids of only DM16.1bn for a 28-day pact, compared with two expiring facilities totalling DM24.6bn. Funds were allocated at rates between 7.85 and 8.10 per cent. A draining of liquidity was expected, but conditions are

expected, but conditions are very uncertain because banks

do not know how much of a DM25bn credit line, offered to

the East German banking

system by the Bundesbank, will find its way back into Frankfurt. There is speculation that East German banks have borrowed money at the 6 per cent discount rate and have the back on deposit in

put this back on deposit in

West Germany.

at 14% per cent. Late assistance of around £210m was also provided.

Bills maturing in official hands, repayment of late despite the continued strength of stering. Three-month inter-bank was unchanged at 1411-14% per cent and 12-month money was quoted at 14%-14% per cent against 14%-14%. assistance and a take-up of Treasury hills drained £550m, with a rise in the note circulation absorbing £135m, and bank balances below target £115m. These outweighed Exchequer transactions adding £100m to liquidity. Trading in short sterling futures was subdued on Liffe. Expectations that base rates will remain at 15 per cent for some time was reflected in a higher turnover for the December contract than September delivery. December short In Frankfurt call money firmed to 8.00 from 7.95 per cent, as the West German Bundesbank drained a net

UK clearing bank base lending rate 15 per cent from October 5

sterling opened firmer at 86.36, but this was the day's high. It closed at 86.32, against 86.28 previously.

Day-to-day credit was in short supply. The Bank of England initially forecast a money market credit shortage of £700m, but revised this to £750m at noon, and to £900m in the afternoon. Total help of

the atternoon. Total help of £779m was provided.

Before lunch the authorities bought £73m bills outright, by way of £10m hank bills in band 1 at 14% per cent and £63m hank bills in band 2 at 14% per cent. In the afternoon the Bank of England purchased another of England purchased another

EXCHANGE CROSS RATES

July 4

Yes F Fr. S Fr. H Pt. Line GS B Fr. **343 95 25 15 138 137** 2075 22.6 0.673 123 365 9.262 透 10. 3.970 磴 1.811 8.719 協 271.4 ZI 86 867.9 2165 im 25四 0万里 0.540 0.889 0.828 1.364 1.197 Yen per 1,000: French Fr. per 10: Line per 1,000: Selylan Fr. per 100

17792 17502 17317 16922 AM-STERLING SO per S 1736 17452 1736 1726 1736 1726 FT LONDON INTERBANK FIXING CLLOD a.m. July 49 3 months US dollars

The fixing rates are the are quoted to the market by fi fixed, Supt of Tokyo, De	TRANSPORT D	ad 3 1 1 1 10 1	LUIL BOOK WOO'S	Ind day The be	raks are fileties	rates for 1
	-	ONE	Y RAT	ES		<u> </u>
NEW YORK			Treaser:	Bills and	Bonds	
(Cicse July 3) Prime rate Broker lean rate Fed. funds Fed. funds at laterweetles.	10 T	Dire capatili Para promitir Parae capatili Dire year Para year		7.97 Fleet	jes	
July 4	Oversight.	Month	Two Months	Three Mouths	Sbx Higotha	مشعبل المددون
Freeklan	7.95-8.05	7.55-8.00	7.95-8.10	8.00-8.15	8,308,50	8.40

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LONDON MONEY RATES									
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pony Deposits unce House Deposits unce House Deposits unce Bills (Buy) x Sills (Buy) x Trade Bills (Buy) ar CDs	- I	14%		1444	が一般	143 142			
Linked Dep. Offer . Linked Dep. Bid Linked Dep. Offer			1411 1213 1814 1814 1814 1814	83 83 84	8.28 9 83 103	8.37 91, 9			

35 104 10H Treasury Brils (self); one-month 1415 per cent; three months 1415 per cent; Bank Brils (self); one-month 1415 per cent; three months 1426 per cent; share go the first of period lay 25, 1990 to Asparts 25, 1990; Scheme 1: 15, 84 p.c. Period 1417 25, 1990 to Asparts 25, 1990; Scheme 1: 15, 84 p.c. Period 1417 25, 1990 to Asparts 25, 1990; Scheme 1: 15, 84 p.c. Period 1417 15, 1990 to June 29, 1990, Scheme 1: 15, 84 p.c. Period 1417 15, 1990 to June 29, 1990, Scheme 1: 15, 84 p.c. Period 1417 15, 1990 to June 29, 1990, Scheme 1: 15, 84 p.c. Period 1417 15, 1990 to June 29, 1990, Scheme 1: 15, 84 p.c. Period 1417 15, 84 p.c. Period 14

FINANCIAL FUTURES AND OPTIONS

r falls	LIFFE LONG CELY FUTURES MPTIMES 434,000 640% of 100%	LIFTE OF THE MARKY MARKE PUTNINGS OF TRAINS \$2.00,000 440m of 200%	LIPPE BOND POTURES OFFINES BM250,000 points at 180%
with dealers suggesting that the trend for the Australian currency remains higher. Full members of the EMS supported by high interest rates were also firm. The Span-	83 A-2 - 201 - 201 - 1-27 84 1-26 3-13 1-10 1-25 85 1-24 2-42 1-42 2-15 85 0-43 2-11 2-17 2-5 87 0-43 1-49 2-41 3-25 88 0-29 1-26 3-47 4-42 Estimated where total, Cults 803 Parts 1128	Strike Cath-actionests, Pois-actionests Price Su Dec Sup Dec S	Strike Calls-detrientent: Pats performent; Price Sep Dec Sep D
ish peseta hit its maximum allowed limit against the weak-		Presidents day's opposited. Callis 1647 Paris 1294	Presions-day's open line. Calls 34229 Pags 31854
est placed French franc and was close to its celling against	LIFFE EUROMARK OFFICES	LIFFE EXECUTE LAW SPYRIES Since points of 198%	LEFFE \$36017 57531_765 0773006 £500,096 paints of 350%
the D-Mark. In Madrid the D-Mark was fixed at Pta61.3675, compared with a lowest permitted level of Pta61.2170. Recent comments by Spanish officials that any adjustment to the peseta would be on the upside and that a depreciation would run counter to monetary policy supported the Spanish currency. In Paris the peseta was fixed	Strike Cults-stationaritis Pata-attilements Prize Sep Des Sep Des 9075 0.90 0.611 0.625 0.111 9105 0.647 0.65 0.115 9125 0.45 0.45 0.05 0.115 9125 0.45 0.45 0.45 0.15 9125 0.25 0.46 0.25 0.11 0.45 0.25 0.46 9225 0.65 0.11 0.45 0.25 0.46 9225 0.65 0.11 0.45 0.65 0.15 9225 0.62 0.05 0.04 0.05 0.65 0.15 9225 0.62 0.05 0.04 0.05 0.05 0.15 9225 0.62 0.05 0.04 0.05 0.05 0.05 9225 0.62 0.05 0.04 0.05 0.05 0.05 9225 0.62 0.05 0.04 0.05 0.05 0.05 9225 0.62 0.05 0.04 0.05 0.05 0.05 9225 0.62 0.05 0.05 0.05 0.05 0.05 0.05 0.05 0.0	Sarine Calle-retilements Pois-cettlements Price Say Dec Say De	Strike Calis-settlements Pais-settlements Prize Sup Dec: Sep Dec Sup Dec
at FFr5.4700 per 100 pesetas	£50,600 32mk of 100%	STAN THE TRANSPART OF THE PARTY SAY.	Y32.5in \$ per Y208
against the franc, near its upper limit of FFr5.4785, but there was no sign of interven- tion by the Bank of Franca. The franc was little changed	Mar Delivered whom DEEA (19900)	Cles Bigh Low Pres. 10 14 15 14 16 15 16 16 16 16 16 16 16 16 16 16 16 16 16	Dose Hat Less Property
against the D-Mark.	Previous Gay's open Int. 25204 CGLT77	Dec 934 934 924 934 934 134 134 134 134 134 134 134 134 134 1	DEDTSCHE MARK (THAD) DAI125,000 S per DM
INTERPORT DATIES	\$164,660 32mh of 100%	Sep 92-17 - 92-16	Close High Law Per

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and volume 35,265 Total Open Interest, 63,810

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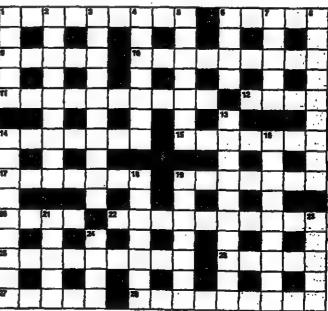
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ACROSS
1 Dainty little thing responsible for a hold-up (9)
6 Hardy appears overweight

S A crawler can put two and two together! (5) 10 Cordial garden-maker in the

Orient (9) 11 Give assistance to and consider the poor (6-4)
12 The woman in the average

12 The woman in the average home (4)
14 Quiet place where there's a coal fire for a hair-do (7)
15 The guy shaking up a sourcer cocktail (7)
17 Coppers pocketing small article and bearing the punishment (7)

article and bearing the punishment (7)

18 The goddess shedding tears about a motorway (7)

20 Stone work a trainee produces (4)

22 A fabulous heroine who may be called in without beattation (10)

25 Switched off as it happened (6.3)

He does like to spot royal characters! (5) 27 Pulled together perhaps, but didn't get on well (5)
28 Workers after a particular fabric — with stripes (9)

DOWN

1 Trains 16 to make money (5)

2 A note in doubt in unusual kidnapping case (9)

May sportsmen use them?

4 Rat greedily and possibly go green (7)
5 Settle on Burlington House for a Greek's appearance (7)
6 Check 14 down (4)
7 Fancy both the round and

long (5)

8 A ruse thus bungled could lead to an exchange of

lead to an exchange of words! (3)

13 A walkover (18)

14 Have a drink with 6 across, a fan (9)

16 It's obvious the heavyweight is no genins (9)

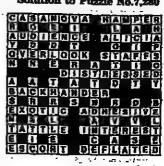
18 Newspaper leaders (7)

19 An examiner, one in a mock-Tudor environment (7)

A quarrel could well be in the air (5)

23 Tapestry taken from a car — rascals stole it (5)

24 An element of initiative (4) Solution to Puzzle No.7,280



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WORLD STOCK MARKETS

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Fig. 1 10 10 10 10 10 10 10		Cabook Corp. 960 100 1	Hippon Schop	Retinass Aust. 10.05

Sales Stock	High Law Close Chay	Salas Stock	ligh Lor Clove Clang	Salas Sipok	ingh (see C	None Ch	y Sales Sko	ck High Li	per Close Chag
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			IND	CES					
NEW YOR	*				July	July	June June	1 1	880
DOW JONE	ES July July June Jun		Since compilation	AUSTRALIA	3	2	29 26	HIGH	LOW
Alamstriais	3 2 29 28 2911.63 2899.26 2880.69 2878	71 2935.89 250		All Ordinaries CL/1/80		14%6	1508.7 1494.6 715.5 712.8	1713.7 (12/1) 860.8 (5/1)	
Home Beeds	91.11 91.09 90.77 96.8	93.04 86 93.04 82	(1) (15/6/90) (2/7/32)		615.67	605,82	603.50 609.22	705.29 [19/30	524.59(2/1)
Transport	1140.51 1144.16 1144.34 1142	70 121277 103 (L/E) (30	1.83 1532.01 12.32 (1) 1579.899 (8,7132)		T/1800 8287.65	6286,28	6263,04 6251.49	6579,63 (12/1)	5566.16 (26/2)
ULIALAS	200.94 209.57 210.01 200.0	236.25 203 12/11 00		Capenhagen SE CS/L/GSR	378.10	376.25	377.14 378.15	382.50 (15/6)	352.96 (25/4)
STANDARI	AND POOR'S	lay's High 2925.74 (29	108.661 Law 2017_07 (2067.80)	Onitas General (1975)	539,0	540.9	546.8 549.3	677.3 (23/2)	509.0 (3/7)
Compusite \$	360.16 359.54 358.02 357.0	3 367.40 322	96 367.40 4.40	CAC General (31/12/82)	543.99			564.62 (30/5)	482.94 (26/25
leniestrizak	43.73 42.90 421.52 420.2	5 428.34 377 (A/6) (20	(1) (4/6/90) (1/6/32) (92 428.34 3.62 (1) (4/6/90) (21/6/02)	GERMANY					
Firmecial	21.91 29.00 28.93 28.9	7 33.87 26 3(3) (27)	59 35.24 8.64	Commerciant (1/12/55)	2330.30	2325.6	2297.3 2329.8	2414.0 (3/4)	2151.5 (247)
NYSE Composite	196.61 196,22 195.48 195.	18 200.21 178 (4/6) (30 57 382.45 342	1.43 200.21 4.46 (7) (4)6/900 (25)4/425 (.64 397.03 29.31		0 3356.55	3319.47	3278.2H 3273.2B	3354.55 (3/7)	
Arnes Miss. Value	360.67 360.14 361.21 393.5	(5/1) (24	64 397.05 29.31 10 (16)10(99) (9/12/72) 172 485.73 54.87	RELAND		1489.17	1689.11 1685.49	1993-10 (22/1)	
HASDAQ Composito	461.76 462.04 462.28 460.3	03/61 30	172 485.73 54.87 (1) (9)10)890 (31)10)72)	Anna Can, Ital, (1972)	741.38	745.11	753.76 752.19	745.52 (1444)	645.73 (26/2)
		ne22 June15	year ago (approx.)	HAPAN Hitter (16/5/49) Token SE (Texto) 44/14/8	33414.60		31940.24 32106.19	36712 88 (4/1) 2847 70 (4/1)	2002.07 (2)40
Dew Industrial Div.		1.77 3.67 n 20 June 18	3,70 year ago (approx.)					4264.65 (1) 2	3313.92 540
S & P Industrial di S & P Indi. P/E ra		.93 2.90 .87 17.67	3.09 12.97	HETHERLANDS					
	ACTIVE STOCKS	TRADING A		CBS All 5h (Chi 1983)					
Tuesday	Stocks Closing Change traded price on day	† Volume	Millione july 3 July 2 June 29		624.00	823.94	825,62 822,74	254.05 G/W	781.67 (2/1)
Philip Monts	2,674,200 48 + %	New York	130.050 130.200 146.560	Mails Camp (2/1/85)		870.17	82.98 895.Q	1166.70 (21/3)	740.33 66/88
Enterpy Corp	2,302,700 181, + 1, 1,967,900 20 + 1, 1,959,000 451, + 1,	ATTEX NASDAQ Ispus Traded	₩ 11A.153 158.801	SES AN-Stogagore 124/7	S 10			493,34 (6/2)	401.34 (30/4)
Gen instruments 9CE Corp Panhandle	1,959,000 45% + ½ 1,470,000 37% + ¼ 1,451,500 23% - %	Rises Fails	828 780 966	JSE Sold (28/9/78) JSE Industrial (28/9/78)			1522.0 1500.0 2963.0 2955.0		
Mattel Am T & T	1,347,500 22% + %	Unchanged New Highs	495 462 456 70 52 56	Korea Carep Ex. 14/1/800	745.04	713.18	720.00 732.64	925. <u>82</u> (4/1)	682.66 (30/40
Am Express	1187,600 51 + 4	New Louis	41 43 47	Madrid SE CO/12/85	298.66	21.25	25.30 25.15	302.85 (4/1)	248.17 (2/4)
CANADA				Attandation Sen. (1,72/3)	7) 1339.8	1309.9	1309.7 1302.6	1330.5 0/7)	1127.20 (2/4)
TORONTO	July July July	June	1990	Swiss Bank Inc. C31/12/9	B 837.3	829.1	830.0 823.3	897.3 CJ771	737.6 (27)3s
Metals & Minerals	4 3 2 32%L80 3262.26 (c		5 (4/1) 2950.80 (23/4)	Weighted Price (30)6(66)	96.8	(d)	5157.65 (d)	12495.34 (10/2)	4905.87 (3/7)
Composite MONTREAL Purtfo		3544.00 4009.4 3533.26 2060.9	7 (3/1) 3334.20 (4/5)	Bangliot SET (SR)4(75)					
Base values of all	Indices are 100 except NYSE Ali	Common - 50; Stan	derd and Poor's - 10; and	**Salar	cian عسنا بيغة				
Toronto Composi	te and Metals — 1000. Toronto la onds.‡ industrial, plus Utilitius, i	dices boom! 1975 an	d Montreal Portfolio 4/1/	April Base values of all in	allors are 100 exer	pt: Bressel	SE, ISEQ Overall and Missing — SOO: 4-1 (5-	DAX-1,000, JSE (Gold - 255.7, JSE 25.
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CANADA

TOKYO - Most Active Stocks Tuesday July 3 1990

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NASDAQ NATIONAL MARKET NYSE COMPOSITE PRICES

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Dauphin 1.42
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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest tracing day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown to the week sook only. Unless otherwise noted, rates of dividend are amount disturrationally the states of the dividend are stock only and the second of the heast declaration.

A-dividend also strata). In amount disturrancemin based on the heast declarated or paid in preceding 12 months, edividend in Canadian tunds, subject to 15% non-residence tax. I-dividend declarated after split-up or stock dividend, i-dividend paid this year, critical, deferred, or so ection teleon at latest dividend meeting. I-dividend declared or paid this year, an accumulative lease with dividende in arrears. In-law lease in the past 62 weeks. The high-low range begins with the start of trading, nd-reaxt day delivery. P/E price-earnings ratio. I-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split she-sales. I-dividend paid in stock in preceding 12 months, settneted cash while on si-dividend or ex-distribution detects. Unless the start of trading halted, vi-in bestruptey or receivership or being morganised under the Barisruptey or receivership conservation securities assumed by such comparies, wi-distributed, wi-when lessued, www.with secureds. It is a securities assumed by such comparies, wi-distributed, wi-when lessued, www.without warrants, y-ac-dividend and sales Infull. yid-yield.

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4pm prices July 3

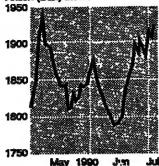
| The content of the

Financial stocks give lift to Frankfurt and Zurich MILAN was submerged in gloom following Italy's defeat in the World Cup on Tuesday. Neither the publication late on Tuesday of June mutual funds information, showing the best overall inflow of funds for three years, nor slower inflation growth in June, was able to lift the market out of its depression. The Comit index fell 4.44 to 736.94 in volume estimated at I.200-I.220bn. Local brokers also detected a

Frankfurt and Zurich yester-day, while Madrid's general index passed the 300 level, writes Our Markets Staff. FRANKFURT advanced, led

higher by financial issues, said Mr Jens Wieking at Merck Finck. This followed AMB's proposed issue of shares at nearly twice their recent market value, the issue price reflecting the underlying assets of the insurer. AMB, suspended on Tues-day, rose DM113 or 13 per cent

W.Germany Aktien (Dax) Index



to DM998, a high for the year, which compares with the issue price of DM1,630 that the Italan insurer, La Fondiaria, is prepared to pay to take its stake up to 5.8 per cent.

Fellow insurers such as Colonia rose by up to 5 per cent, Allianz reaching a record DM2,885, up DM55, and Munich Re up DM105 at DM2,505. Banks responded too, especially Dresdner, which took a learne church of an acritics AM2. large chunk of an earlier AMB issue and has a good profit to book on the investment. It rose DM15 to DM449.50.

The FAZ index rose 6.94 to 814.26 at midsession, and the DAX closed 19.05, or 1 per cent, higher at 1,925.13. Volume rose to DM9.3bn from DM7.4bn. Mr Wieking said the terms of Unity Bond issue, announced after hours, were a shade tight,

but that the issue was expected With German corporate earnings prospects look fairly

MATICINAL AND

US market closed July 4.

ing on a continued fall in bond yields to trigger a late summer rally. But Mr James Cornish at County NatWest offers an alternative County's research indicates that big investors such as the carmakers and util-ities are making their capital investment decisions earlier than expected, and are likely to come out with orders soon.

This would boost earnings for capital goods specialists, such as Siemens, for turbines; Deutsche Babcock, power generation and pollution control; IWK for machinery and robotics; and KSB for pumps. Hochitet the construction machine. tief, the construction group, is included for "spadework", and Daimler for its breadth of

ZURICH rose in lively, for-eign-led trading, although late profit-taking eroded earlier gains, especially in the chemi-cal sector. The Crédit Suisse index added 3.2 to 674.0.

Ciba-Geigy registered shares eased SFr10 to SFr3,160 after reaching an early high of SFr3.230. Banks and insurers were buoyed by hopes of lower domestic interest rates. MADRID broke through the

psychological 300 barrier, with the general index up 1.42 at 300.1. Foreign and domestic demand for construction, bank and electrical utility stocks continued to drive the rally, which began on the back of good macroeconomic data.

Some analysts predict a surge to 320 in a few weeks, said Mr Stephen Hughes of Nikko Securities, but a rally to that level by September, after

that level by September, after the holiday period, was more likely, he added. STOCKHOLM hit a second consecutive year's high, led by shares in Volvo and Asea. The Affärsvärlden General index rose 7.4 to 1,232.2, breaking Tuesday's record of 1,320.8, but volume remained thin. Volvo restricted B shares

AMSTERDAM eased in quiet trading, with Wall Street's clo-sure adding to the lethargic mood. The CBS Tendency rose SKr5 to SKr335 and free B shares rose SKr17 to SKr857 following Tuesday's announce-ment of an executive stock-option plan. Asea free Bs added SKr5 to SKr825, while its free months ago, continued to fall amid fears of poor first-half results. The stock closed F1 240 As rose SKr15 to SKr830. One analyst attributed the climb to

Toronto trading very light

TORONTO share prices finished higher in very light

The composite index finished The composite index finished up 15.34 to 3,575.24. The volume of 10,338,000 shares was the second lowest this year after a volume of 10,287,000 shares on May 28. On both days trading was light, with US markets closed for holidays. Latest volume was 18,479,000 shares, and value was C\$108.6m compared with C\$190.8m. Advances out-numbered declines 275 to 217. Ten of the 14 subgroups were higher, with gains by financial services issues, mining stocks, golds and energy issues. Con-sumer and industrial products issues traded flat.

North Canadian Oils fell 1/4 to 18. The company said it had acquired about 99.4 per cent of Bankeno Resources under its C\$4.25 a share offer. Bankeno did not trade, and closed unchanged at C\$4.10.

ASIA PACIFIC

London still rules in listings league

Tim Dickson analyses a factbook on European Community bourses

THE AGGREGATE market capitalisation of Luxembourg's Stock Exchange is more than 131 per cent of the Grand Duchy's gross domestic product (GDP); London's liquidity is five times greater than Athens'; and price/earnings ratios for the main continental markets of the European Community at the end of last year ranged from 11.7 in Amsterdam to 23.6

in Milan.

These figures can all be gleaned from the 1989 edition of European Stock Exchange Statistics*, a 75-page, fact-packed document published yesterday by the Brussels-based Federation of Stock Exchanges in the EC.
The authors stress that there

is a long way to go before their aim - fully comparable data for stock market users - is achieved. Differences due to the double counting of volume, the separation of investment funds and companies, and the inclusion in some centres of

fit from increased public spending. Among the actively traded stocks was Okumura, a general contractor which relies

on public works for 60 per cent

of its sales. Okumura was sec-

ond in volume with 7.8m shares and rose Y70 to Y1,990. Nippon Hodo, the largest domestic road maker, gained Y150 to Y3,580.

business performance remained in the spotlight. Komatsu, the second largest

integrated construction machinery maker in the world, advanced Y30 to Y1,240. Investors favoured the stock

because of the prospect of strong domestic demand for its

products, which is expected to lifted Komatsu's profits in the year to March 1991.

Other high-priced issues that had been the focus of attention

lately suffered profit-taking. Fanuc, a leading maker of numerical control equipment,

lost Y120 to Y7,700 and Tokyo Steel Manufacturing fell Y110

Interest in companies based in the Osaka area gave the Osaka market support, but

Elsewhere, issues with good

the Milan Stock Exchange says in his introduction: "Some markets are still unable or reluctant to give details which are of paramount importance for internationally active operators and investors . . . and other markets such as Germany are as yet incapable of giving a full breakdown of market volume."

The survey, nevertheless, contains much useful information. Although the number of UK companies listed dropped by 21 in 1989, for example, London 19 don still dominates the European league with 39 per cent of

the aggregate total for the 12 BC countries.

The highest average market capitalisations are West Germany, Amsterdam, Milan and Paris, in that order — markets with a relatively low number of domestic listings and generally few new companies.

intra-market dealings have been ironed out as far as possi-ble. But Mr Malcolm Duncan of ture — notably Milan, Paris and Germany, where aggregate market capitalisation as a pro-portion of the country's GDP is respectively 18.1 per cent, 20.3 per cent (1988 figure) and 26.5 per cent. Luxembourg is an oddity because of its huge number of international invest-ment funds listings; so London really tops the league with 78 per cent, followed by Amster-dam with 53.3 per cent.

> ermany fares extreme-ly well in the table comparing market turnover with domestic capital-isation; the extremely high rate of 99.6 per cent was the source of some puzzlement at yesterday's press briefing. Mr Duncan admitted it was diffi-cult to explain this level of liquidity "in view of the general wariness of German inves-tors with regard to the equity market and the knowledge that quite a consistent part of

AUSTRALIA continued Tuesday's rise, boosted by domestic buying at the start of

the fiscal year which began on July 1. Asian buying interest was also evident. The All Ordi-

naries index rose 28.3 to 1,541.1, its highest level since March.

Turnover rose to 108m shares

valued at A\$278m from 88m

shares or A\$211m.
Blue chips gained in spite of a stronger dollar. BHP rose 18 cents to A\$9.72 and CRA, the diversified miner, was up 30

TAIWAN fell to its lowest

level in two years as Wang Chien Hsien, the Finance Min-

ister, reiterated that the 6 per

cent stock transaction tax would not be cut. The weighted

index tumbled 228.69, or 4.7 per cent, to 4.677.18, its lowest level since June 3, 1988, when it

closed at 4,648.73. Volume rose

to 848m shares valued at T\$34bn from 794m or T\$33bm.

HONG KONG emerged unscathed from a bout of prof-

it-taking after the 2.5 per cent

rise over the previous two days. The Hang Seng index edged up 6.94 to 3,363.49, its third consecutive high since

aggregate market volume is not reported. Low ratios of several other stock exchanges in this regard Milan and Brussels, for example — can be attributed to off-bourse deals. The survey also covers the various junior markets, showing London's USM to be top with 448 companies and Germany's third exchanges in second many's third exchange in second place with 394. A total of 1,432 companies had shares

1.432 companies had shares listed on EC junior markets in 1989, compared with 1.082 when the exercise was first carried out in 1987.

Luxembourg has by far the biggest bond market by size, mainly thanks to the number of Eurobond listings, followed by Germany and Italy. In spite of the considerable redemnby Germany and Italy. In spite of the considerable redemp-tions of UK gilt issues in recent times, London still dominates volume in fixed interest securities with 36 per cent of the total market value, followed by Paris and Germany.
*Available from 2 Rue du Mid.

1000 Brussels, Tel: (2) 513-0518.

the October 1987 market crash. Turnover dipped to HK\$1.85bn from HK\$2.16bn.

SEOUL eased on profit-taking following its strong advance on Tuesday. The composite index fell 9.74 to 785.30.

Volume jumped to Won260bn from Won111.9bn.

ing on steady selling following Monday's US acquittal of for-

mer First Lady Imelda Marcos.

Late bargain-hunting took the composite index off the day's low to close at 837.82, down

14.63. Turnover rose to 80m;

pesos from 77m pesos.
SINGAPORE firmed in slack

dealings after Tuesday's holi-day. But the decline in foreign investment and the prospect of

a heavy stream of rights issues

and other cash calls from Singaporean and Malaysian com-

panies still preyed on inves-iors' minds. The Straits Times Industrial index gained 3.90 to

1,528.25. Volume was S\$117m

stier S\$86m on Monday, KUALA LUMPUR was

mostly steady. The composite index crept up 0.03 to 586.38

while turnover slipped to 22m

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Singons

MANULA eased in light trad-

Brighter interest rate outlook cheers market

recent stars eased on profit-taking. The OSE average gained 96.42 to 35,810.90 and

volume rose to 63m shares from Tuesday's 52m.

A STRONGER Australian dol-

lar boosted both of the Antipo-

dean markets, while the trend in the rest of the Pacific Rim,

with the exception of Hong

buying in both countries.

NEW ZEALAND advanced in

eavy trading after a sharp fall in the NZS against the Austra-lian dollar triggered arbitrage

The Barclays index gained

22.19 to 1,801.42. Turnover was a healthy 13.5m shares valued at NZ\$32m compared with

Tuesday's 53m and NZ\$62m -turnover had been distorted by

a crossing of 45m shares in

Robt Jones Investments, the

property investment concern.
Dual-listed stocks made the

biggest gains. Fletcher Chal-

lenge rose 4 cents to NZ\$4.32

on turnover of 4m shares and Brierley Investments jumped 4 cents to NZ\$1.82 on volume of

Roundup

Kong, was lower.

Local brokers also detected a shift in sentiment among for-eign investors. Whereas last week foreigners had hoped for

a short period of weakness to pick up stock, they were now looking for some strength to

start reducing positions.

Fiat continued to alide, losing Li30 to L9,740, following the company's poor forecast for 1990 late last week, while the

threat of strike action over

union wage claims weighed on other industrial stocks.

ing as foreigners continued to look towards Germany. Wor-

look towards Germany. Wor-ries over prospects for com-pany earnings pulled the CAC 40 index 16.05 lower to 2,015.98, after moving within a 14-point range throughout the session. Peugeot dropped again, fall-ing FFr11 to FFr766, in volume

of 258,950 shares. CCFA, the French carmakers' committee,

revealed that Peugeot sales

had plunged 16.5 per cent last month from June last year. Perrier also extended its

decline on worries about its

water business, with a fall of FFr50 to FFr1,454 on volume of

33,850 shares. Exor, the holding

company with a 31.8 per cent stake in Perrier, lost FFr85 to FFr1,745. Club Mediterrance

lost FFr16 to FFr628 after Tues-

day's late announcement of a fall in profits.

Nedlloyd, the transport and shipping group which was a stock market favourite a few

index fell 0.9 to 120.6.

PARIS declined in thin trad-

a stronger yen and a brighter outlook on interest rates, and share prices moved slightly higher on better volume yester-day, writes Michigo Nakamoto

steadily higher for most of the day, but later came under selling pressure, and the Nikkei lost much of its early gains. The index finished up a modest 31.32 at 32,445.92. The high was 32,627.38 while the low was

double the losers at 641 against 324 and a further 160 were unchanged. Turnover improved to 550m shares from the 450m traded on Tuesday.
The Topix index of all listed stocks gained 13.87 to 2,363.35 and, in London trading, the ISE/Nikkei 50 index rose 3.87 to

The market was heavily influenced by arbitrage activity, as the year's rise encour-aged greater buying in index futures, which in turn triggered arbitrage buying on the cash market. There were grow-ing hopes that the domestic currency could move even higher against the dollar, which would reduce the possi-

There was active buying in a broad range of issues which had been badly hit by higher interest rates. These included the heavy industries, such as Mitsubishi Heavy Industry, which added Y19 to Y1,010, and Sasebo Heavy Industries, which rose Y30 to Y1,120.

dvancing Y28 to Y825. There was enthusiasm for construction-related compa-

nies, which are likely to bene-

SOUTH AFRICA

GOLD shares showed little further response, after Tues-day's late rally, to the rise in the bullion price above \$360. The closure of US markets also inhibited trading. The JSE allgold index fell 7 to 1,567 while the overall share index added 18 to 3,126. Diamond share De Beers rose R2.50 to 94.50.

Tokyo

THE MARKET was cheered by

The yen's rise to Y150 against the dollar calmed fears of higher interest rates and equities made a promising start. Share prices continued

Rising issues were almost 1,767.22.

Investors no longer expected rates to go up too much, said Mr John Courtney at W I Carr.

Trading companies also ben-efited, with Mitsui and Co gaining Y32 to Y937 and C Itoh

Ashikaga Bank is pleased to announce the opening of its Brussels Representative Office in 5th July.

Ashikaga Bank, Ltd., a leading Japanese regional bank with assets exceeding ¥6,900 billion and its 200 branches and other offices in Japan has chosen Brussels for the latest extension to its international business network.



We look forward to using OUT New office to strengthen our ties with our correspondent banks in Belgium and other parts of Europe and to enhance our corporate services,

The Ashikaga Bank, Ltd. **Brussels Representative Office**

Chief Representative Masao Shindo Avenue des Arts 44, 1040 Brussels, Belgium Tel: 32-2-512-1797 Telex: 21656 ABKBRU 6 Fax: 32-2-511-6636

Head Office: 1-25. Sakura 4-chome, Utsunomiya, Tochiği 329, Japan Teb 0288-22 0113 International Division: 3-2. Marunouchi 2-chome, Chivoda ku, Tokyo 100. Japan Tyl, 63-26; 726; New York Branch: One World Trabe Center, Suite 8151, New York, NY 10048, U.S.A. Talk 2124020400 London Representative Offices: Level 9, City Tower, 40 Basinghali Street, London E027 50E, United Kingdon: 16 Hong Kong Representative Office: 401, Far East Finance Center, 16 Harcourt Boad, Hong Keng Tel. 552-526 The Ashikaga Finance (H.K.) Limited: 401, Far East Finance Centre, to Harcourt Road, Hong Kong, Full edges

The market capitalisation of the national and regional markets of the FT-Actuaries World indices as at JUNE 29, 1990 are expressed below in millions of US dollars and as a percentage of the World Index. Similar figures are provided for the preceding quarter.

The percentage change for each Dollar index value since the end of the calendar year is also

FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

(Figures in parentheses show number of stocks per grouping)	ee at JUNE 29, 1990 (US\$m)	index	NAPCH 30, 1990 (US\$m)	Index	\$ index since DECEMBER 29, 1989
Australia (80) Australia (19) Belgium (61) Canada (119) Denmark (33) Finland (25) France (124) West Germany (92) Hong Kong (48) Ireland (17) Italy (96) Japan (454) Maisyeia (35) Mexico (13) Netherland (43) Netherland (43) New Zealand (17) Norway (23) Singapore (25) South Africa (60) Spain (42) Sweden (34) Sweden (34)	93358.2 14778.6 51316.8 145580.8 26699.4 3380.6 230219.9 306609.4 60501.5 10716.6 126183.3 2386210.1 7773.2 9796.9 106792.3 9633.1 3199.7 16603.0 50796.4 78057.8 32568.0	1.34 0.21 0.74 2.09 0.38 0.05 1.39 0.05 1.81 0.15 0.14 0.14 0.12 0.73 1.64 0.73	86171.0 15836.9 46211.8 147357.4 25776.4 3236.5 217670.8 318871.0 55091.7 10179.7 113767.1 2180441.1 7514.9 105186.4 8057.7 7214.4 16893.8 54538.9 62253.9 25416.5	1.35 0.24 0.74 0.40 0.05 0.40 0.33 4.89 0.16 1.75 30.12 0.12 0.13 0.11 0.24 0.38 0.39 0.39	-8.51 +40.87 -2.48 -9.63 +6.39 +1.28 +2.94 +7.98 +15.77 +4.23 +9.88 -25.40 +0.36 +52.32 -1.43 -9.90 +17.72 +13.06 -9.99 +4.82 +77.07 +11.73
United Kingdom (304) USA (537)	715840,7 2381001,4	10.26 34,12	640786.4 2268523.0	9.84 34.83	+5.71 +1.14
Europe (981) Nordic (118) Pacific Basin (699) Euro - Pacific (1640) North America (656) Europe Ex. UK (677) Pacific Ex. Jepan (205) World Ex. US (1832) World Ex. UK (2065) World Ex. So. Af. (2308) World Ex. Japan (1915)	1816875.1 70847.7 2573977.2 4390852.2 2526582.2 1101034.4 187767.1 4597028.4 6262187.1 6927231.4 4591817.7	28.04 1.02 36.89 62.92 38.21 15.78 2.69 65.88 69.74 99.27 65.80	1678423.4 61843.8 2368072.8 4034496.3 2415860.4 1037857.0 175631.7 4243987.5 5871744.1 8457971.8 4332069.4	25.77 0.95 38.18 61.95 37.10 15.93 2.70 65.17 90.16 98.16 66.52	+6.02 +11.84 -23.92 -13.87 +0.48 +8.28 +1.41 -13.61 -10.47 -9.04 +2.55
6 The Financial Times Li					

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS			MED	HESDAY	JULY 4	1890				TUESOA	LY JULY	3 1960		DOL	LAR IND	EX
Figures in parantheses abow number of lines of stock	US Dollar Index	Day's Change %	Pound Storting Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar kadex	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	147.02	+27	122.11	139.21	125.89		+1.8	5.73	143.20	119.30	136.82	122,91	119.48	158.31	125.85	133.20
Austria (19)	262.69	+0.8	218.19	248.75	224.94		+0.4	1.29	260.56	217.09	248.96	223.66	223.86	285.63	193.15	
Belgium (61)	152.95	+0.2	127.03	144.82	130.96		-0.1	4.53	152.67	127.20	145.86	131.04	127.82	160.02	132.11	
Cenada (119)	139.13	+0.4	115.58	131.73	119.12		+0.4	3.46	138.55	115.44	132.37	118.92	115.63	153.61	130.37	
Denmark (33)	262.53	+0.7	218.05	248.60	224.80		+0.4	1.29	280.71	217.21	249.10	223.78	223.04	262.53	236.69	
Finland (26)	135.57	+0.1	112.60	128.38 152.48	116.09		-0.5	2.50	135.41	112.82	129.38	116.23	110.28	152.29	129.99	
France (124)	161.04	-0.4 +1.3	133.75	131.31	137.88		-0.7	294	161.65	134.68	154.44	138.74	140.54	168.85	141.69	
West Germany (92)	139.35	+0.1	715.74	131.95	119.32		+1.0	1.89	136.90	114.08	130.81	117.50	117.50	138.65	122.05	
Hong Kong (48)	191.55	+0.6	159.10	181.38	164.02		+0.1	4.51	139.16 190.43	115.94 158.68	132.96 181.94	118.45 163.45	139.11	139.35	172.24	
Ireland (17)	106.56	-0.5	88.51	100.90	91.24		-0.8	2.64	107.10	89.23	102.32	91.93	165.43	196.57	172.72	
Italy (96)	150.82	+ 1.4	125.27	142.81	129.16		+0.5	2.45 0.59	148.72	123.91	142.10	127.67	96.82	109.26	91.85	
Malaysia (35)	231.81	+0.5	192.53	219.49	198.49		+0.4	2.25	230.65	192.17	220.37	197.98	142.10 240.43	197.26	124.40	
Mexico (13)	497.50	-0.5	413.21	471.09	426.00		-0.6	0.33	500.24	416.78	477.95	429.38		245.32	204.15	
Netherland (43)	142.61	-0.2	118.45	135.04	122.12		-0.4	4.67	142.84	119.01	136.47	122.61	121.16	549.86 145.66	324.53 130.43	
New Zealand (17)	66.34	+1.1	55,10	62.82	56.80		+1.0	7.45	65.61	54.87	62.69	56.32	58.95	75.36	59.57	
Norway (23)	237.85	+0.7	197.55	225.23	203.67		+0.3	1.56	238.11	196.71	225.59	202.67	203.74	245.90	202.34	
Singapore (25)	202,46	+1.1	168.16	191.71	173.36	169.83	+0.4	2.05	200.35	166.93	191.43	171.97	169.15	207.93	179.70	
South Africa (60)	181.48	+2.7	150.74	171.84	155.39	159.64	+1.0	3.73	176.79	147.29	168.91	151.74	158.05	251.39	170.00	
Spain (42)	175.62	+0.9	145,87	166.30	150.38		+0.6	3.96	174.09	145.05	166.34	149.43	133.54	175.62	132,84	
Sweden (34)	232,74	+1.3	193.31	220.39	199.30		+1.0	1.96	229.83	191.49	219.60	197.28	204.15	232.74	173.89	
Switzerland (67)	108,45	+1.1	90.08	102.70	92.88		+1.0	2.21	107.27	89.37	102.50	92.09	92.64	108.45	88.75	
United Kingdom (304)	170.19	-0.4	141.36	161-14	145.72		-0.7	4.82	170.79	142.30	183.17	148.59	142.30	170.79	139.87	
USA (539)	145.52	+0.0	120.87	137.80	124.61	145.52	+0.0	3,34	145.52	121.24	139.04	124.91	145.52	148.55	130.61	130.67
Europe (961)	153,43	+0.1	127.44	145.29	131.38		-0.1	3,54	153.21	127.66	146,39	131.52	129.38	153.43	135.57	122.2
Nordic (116)	214.73	+0.9	178.35	203.33	183.86		8.0+	1.69	212.73	177.24	203.25	182.60	178.03	214.73	185.01	166.37
Pacific Basin (659)	150,13	+1.4	124.69	142.16	128.55		+0.5	0.91	148.03	123.33	141,43	127.06	140.81	192.75	124.63	
Euro - Pecific (1640)	151.87	+ 6.9	126.14	143.80	190.04		+0.3	2.00	150.53	125.42	143.81	129.20	138.81	174.18	130.35	
North America (658)	145.04	+0.0	120.48	137.35	124.21	143.64	+0.0	3.34	145.00	120.81	138.58	124,48	143.60	147.87	131.02	
Europe Ex. UK (677)	141.78	+0.5	117.76	134.28	121.42		+0.2	2.72	141.12	117.57	134.86	121.16	121.26	141.78	124.81	
Pacific Ex. Japan (205)	141,02	+1.5	117.13	133.55	120.76		+1.0	4.96	138.89	115.72	132.72	119,23	122.70	141.02	122.53	
World Ex. US (1832)	151,93	+0.9	126.19	143.88	180.10		+0.3	2.06	150.59	125.47	143.89	129,27	136.71	173.77	131.30	
World Ex. UK (2067)	146,41	+0.7	121.61	138.65	125.38		+0.3	2.23	145.40	121.14	138.98	124.82	139.23	162.00	130.80	
World Ex. So. Al. (2311)	148.32	+0.6	123.19	140.46	127.01		+0.2	2.48	147.47	122.87	140.92	126.60	139.35	161.84	131.95	
World Ex. Japan (1917)	148,81	+0.2	123.60	140.92	127.44	135.33	+0.0	3.49	148,57	123.78	141.96	127.54	138.32	148.81	134.62	
The World Index (2371)	148.52	+0.6	123.36	140.64	127.18	139.73	+6.2	2.49	147.65	123.02	141.08	126.75	139.48	162.05	132.25	144,2